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# POLITICS VERSUS ECONOMICS

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POLITICIANS accuse the science of political economy of having failed. On the other hand, there are economists who see in politics nothing but a crude and undisciplined force which upsets their field of activity. The discussion would be more productive if only a little more effort could be devoted to arriving at an understanding of one or two cardinal problems affecting the relations between the state and economic life, and hence the relations between politics and political economy.

To the politicians I would suggest that, before accusing economics of having failed, they might first find out more about the recent results of scientific investigation in that field. Political economy is in a bad way. Although still a comparatively young science, it probably has made more rapid progress during the past few decades than has been made in any other branch of intellectual endeavor. But in the whole scientific domain progress always implies increasing complexity. Far from being simple, social life is infinitely complicated. How, then, can we expect to succeed in reducing the science of social life to a few simple formulas? In the field of natural science, the most ambitious layman readily admits that he does not understand the atomic theory or the quantum theory or the doctrine of relativity. But in questions of political economy anyone seems to imagine himself competent to pass authoritative opinions, even though he has never troubled to acquire the faintest idea of the many useful results of laborious economic investigation and reasoning. The worst of it is that there are even university professors in the ranks of these "laymen," a fact which tends especially to puzzle and confuse the non-specialist and the politician. It surely would be impossible today in a great university in any civilized country for anyone to teach physics if he knew no more about the atomic theory or the

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theory of relativity than the average newspaper reader — that is to say, nothing. But it seems to occasion no surprise that in every country there are professors of political economy who have never so much as heard of the new theoretic conceptions achieved in their own science during the past thirty years. There is no need to mention names. As a matter of fact, this science — or rather those representatives of it who know its modern significance — has never been so unanimous as it is today concerning recent economic events. If we consider the complexity of the questions here at issue, we must realize that such unanimity is no more a mere matter of course than would be the complete agreement of a number of physicians sitting in consultation on an exceptionally difficult case. Nor would the authority of the science concerned in either case be impaired by whatever differences of opinion might arise concerning diagnosis and treatment.

On the other hand, there are some scientists who approach their task too light-heartedly, treating politicians with the sovereign contempt shown by Archimedes toward the intruding Roman legionary at Syracuse. While a conscientious politician ought certainly to study what economic science says will probably be the results of a certain course of action before he embarks on it, the economist is arrogant if he expects political decisions to be taken exclusively on economic grounds. The economist, remaining within his own domain, simplifies his question — indeed, he has no other choice — by restricting himself to individual economic motives. He lives in the realm of economic reason and rejects any motives of an extra-economic, not to say anti-economic, nature. To mix these motives up with economics is, in his eyes, disturbing, senseless, criminal. To the politician, on the other hand, this world of extra-economic or anti-economic motives is his world, the world which it is his great task to master. In the mouths of many snobs and intellectuals the phrase "a clever politician" has a disagreeable flavor. But actually it is a title of distinction for any man in public life, provided he does not fail to measure up to legitimate intellectual and ethical standards. Just as in economic life the merchant has his place alongside the technician, so political life needs in addition to the scientifically trained official the politician who is well versed in his art.

I

The "new era," which really dates from the year 1914, is not

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defined by economic facts. This statement runs counter to current and customary ideas and therefore needs some amplification. The questions here at issue are of decisive significance, if a clear insight is to be obtained into the problem of the relations between the state and economic life. The most characteristic feature of this new era is the change in primary mental conditions. What I have in mind here may be discussed under three heads:

1. The ascendancy of politics over economics — an ascendancy which had seemingly been ended by the social developments in the last decades before the war — never was more pronounced than it is today. This is true in the field of foreign no less than domestic politics. Despite its absurdity, the thesis that the origins of the World War were economic still finds millions of adherents. The World War started in Vienna regardless of the fact that the former Austro-Hungarian monarchy represented the most perfect and the most satisfactorily balanced economic unit in pre-war Europe. This did not prevent that old-established monarchy from falling to pieces, and concurrently reducing Europe to a heap of ruins, because the mere existence of such a half-absolutist and supra-national state was a negation of the democratic and nationalistic trends of the times. Nor had the antagonisms between Germany and France ever been economic in origin. From the economic point of view, indeed, France's recovery of Alsace-Lorraine was almost calculated to embarrass her, implying as it did increased competition in agriculture as well as important industries and thus adding to her economic worries. In the same way, economic considerations were never factors in the antagonism between Austria and Russia. Nor was the economic value of the South Tyrol and Trieste for Italy ever great enough in itself to create her desire to own those regions; and today the maintenance of the ports of Fiume and Trieste, without any economic hinterland, is a very expensive affair for Italy. But such economic considerations were not enough to prevent the political antagonisms which had grown up from ending in armed conflict.

Similarly, the peace treaties show hardly a trace of economic considerations. The successor states to Austria-Hungary and Russia, viewed as economic units, are absurd and impossible, and constitute one of the elementary sources of the European crisis. Their economic absurdity is aggravated by the fact that, instead of joining forces, these small and medium-sized states have shut themselves off from one another. Evidently, then, they are pre-

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pared to pay a price for the enjoyment of their national self-consciousness. They do not adjust their political conduct to the laws of economic reasoning. Their principal goal is to consolidate themselves as nations and to acquire power; and they are quite willing to subordinate their economic interests and policies to those aims, even at a heavy sacrifice. The non-economic character of the grave international crisis now shaking Europe to its foundations is so evident that there is no need to dwell on it.

Though less obvious, it is none the less certain that the great domestic upheavals which have taken place all over Europe likewise spring from sources that are not economic in nature. Neither the bolshevik nor the fascist nor the National Socialist revolution can be explained on economic grounds. Any attempt to do so leads us astray. To say this seems paradoxical, especially in the case of bolshevism, which parades before the world as a purely economic system. In pre-bolshevik Russia literally all the economic and social premises for building a socialistic commonwealth were lacking. There was really no question there of the dialectic transition by which, according to the Marxian doctrine, any highly developed industrial state is supposed to be forced into socialism — for the simple reason that there was no such thing in Tsarist Russia as a highly developed capitalism with its attendant bourgeois and proletarian classes. Fascist Italy did not seek an economic revolution. Her chief aim has been to organize her national self-consciousness. Her whole creation of economic and social organizations, "corporations," is secondary and accidental. Nor is National Socialism to be explained by the economic crisis in Germany. The six millions of unemployed whom Hitler found when he came to power did not compose the army of his followers. On the contrary, the vast majority of the unemployed were in the socialist camp, which Hitler proceeded to destroy. National Socialism can be explained only by its non-material factors; its economic program holds the very last place on the list of reasons for its success.

2. The war and its aftermath aroused the self-consciousness of the masses all over the civilized world. They had to be called upon for the accomplishment of the tasks imposed by the war, and this in turn made it necessary to provide for their elementary needs. In America this aspect of the war never gained anything like the significance which it had in Europe; in America the fate of single individuals was not affected by the war so deeply and so all-inclu-

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sively. All the same, no country has remained entirely unaffected by the moral and intellectual consequences of the war any more than by its political and economic effects. I will not attempt to depict "The Revolt of the Masses;" that has been done in definitive form by Ortega y Gasset. The only thing in which I am interested here is the profound and neglected truth that economic conditions had nothing whatever to do with the fact that millions and millions of men of all nations had to live for four years in the trenches, exposed to daily hazards; that during those four years they were forced back into primitive conditions of existence; that during those four years they were cut off from all their social, class and family connections.

The fate of the millions in the trenches was also decisive for the fate of the more numerous millions who remained at home. These were torn loose from their traditional moorings almost as completely as the soldiers at the front. Hardly a factory was able to carry on its customary production; in most cases new ways of manufacture had to be devised almost overnight, under new technical and commercial conditions. In the same way, with men fighting and women suddenly taking over the exhausting labor formerly performed by the men, social standards lost their significance. When marriages are sundered, families destroyed, friendships dissolved, and professional connections broken there is no room for purely traditional activities and ideas.

The new generation looks at every aspect of the world with completely changed eyes. This war generation is no longer conscious of class distinctions or class prejudices. It regards the blessings of technical civilization not with trusting eyes but skeptically. But while there can be no doubt that it has become brave unto death, it is none the less hungry for life. It is ready for anything. In its inmost nature it is revolutionary. This changed attitude towards life has opened up a breach between the older and the younger generation, in the democratic west no less than in fascist Central Europe or in the bolshevik east. And let me repeat and stress that this changed attitude is not due to economic causes; it represents the mental and moral effects of the war.

3. This changed mental and psychological disposition produced by the war encounters a change in the structure of the scientific spirit. Science today regards all problems as soluble by scientific methods. The inventor's genius has been replaced by the laboratory; daring conceptions have given way to the organized

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labor of the ant-hill. The aims of scientific reasoning, scientific planning, scientific willing, have advanced into the infinite, into the realm of the irrational; but the methods of scientific investigation have been rationalized down to the last detail.

If we would understand the crisis that has overtaken political liberalism we must grasp this phenomenon in its full meaning. The laissez-faire policy is in irreconcilable conflict with the restless mental attitude characteristic of the present time. The modern social consciousness finds it intolerable to let things go as they please in the political and economic sphere. It has become insufferable to be forced to face social and economic problems with resignation, while in all other spheres it has become customary to grapple with any problem whatsoever in a systematic way and to feel confident that it will be solved successfully. In short, this modern social consciousness resents it as an insupportable contradiction that man, who by adopting systematic methods can subject matter and natural forces to his will and press them into his service, should in economic and social life have to submit to the dispensations of a fate which he neither acknowledges nor comprehends.

II

Let us examine from this angle the changed aspect of the state and the equally changed aspect of economic life.

The state of 1934 is no longer the state of 1914. The present state has to deal with a different people and a different task. The state of 1914 had its place somewhere on the periphery of economic and social life; but the state of 1934 has been transferred to the very center, and it can never be pushed back again to the periphery. We shall therefore have to find ways and means to establish it permanently in the center. The internal unrest which has taken hold of all the great nations, and which in some cases has led to revolutionary movements, originates in an infinitely difficult and laborious process — the process by which the masses, with their newly gained self-consciousness and political power, are to be organized for the performance of the tasks and duties of the state, these tasks and duties, moreover, being more numerous and infinitely more complicated than ever before.

The war saw universal military service put into actual execution for the first time. Even in those countries where general service had been introduced as a matter of principle, it was of

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practical concern only to a minority of the total population able to bear arms. The war for the first time caused the entire nation to be called up for the defense of the state. It followed as a matter of course that political power was also distributed among the entire adult population. Even the Anglo-Saxon countries have known universal suffrage in the literal sense only since the war. When masses formerly excluded from political activity are given the vote in quiet times, they promptly become part of the traditional structure of national life. But if this happens at a moment when a political earthquake has all but buried tradition, a startling problem in political education is produced. So far it has been solved nowhere during the post-war period. It remains a momentous problem of our time.

The problem is also related to the new technical developments. Radios and movies have brought the masses nearer to politics, and political leadership nearer to the masses. A new type of political "leader" is needed — a leader able to capture the imagination of the masses, to whom he is now in a position to appeal directly and daily through the visual sense as well as by the spoken word; a leader who can explain the most complicated matters in plain and plausible language; a leader who claims liberty of action and knows how to defend it at any time, with the aid of the masses, against the political machine.

Up to this point — but no further — the problem is the same, whether in a democracy or in a dictatorship. That is why so many superficial observers in Europe are tempted to call President Roosevelt a dictator or to discern symptoms of a coming crisis for democracy in America — and this at a moment when the American democracy is probably furnishing the most incontestable proof of its power and competence in the entire course of its history.

III

The transformation of the state is paralleled by the transformation of economic life. The capitalistic economy which dominated the century preceding the World War had been developing at a changing rate of progress, but continuously. "Today" was closely connected with "yesterday" and with "tomorrow." Thus, in adopting economic measures one was able to rely on an increasing store of tradition and experience. Freedom of movement was taken as a matter of course — whether of persons or goods or capital. The direction of such movements de-

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pended almost exclusively on the capitalistic laws governing the market conditions. Year after year, millions of human beings emigrated from the crowded European countries with a low standard of living to the colonial countries in America and Asia. The stream of men was followed by a stream of capital, attracted by better-than-average chances of profit just as the immigrants had been attracted by the chances of attaining a higher standard of living. During the middle of the nineteenth century, Europe for a time was governed by free trade and liberalism. Its fundamental principles remained unshaken up to the war. An international economic system had thus developed which resulted in a real and steadily growing division of labor, bringing all nations the blessings of rapidly increasing wealth.

The war ended this continuity of economic development. The war destroyed traditions of international trade that had been built up in the course of more than a hundred years. All countries alike became hothouses in which industry was "forced" in one definite direction, namely to meet the needs of the war. The war in a few years transformed creditor nations into debtors, and debtor nations into creditors. The war succeeded in ruining the soundest currencies of the world. It paralyzed liberty of movement, not only of men but even of ideas. Thus it could happen, for example, that great technical advances were made in America during the war or during the first years of the post-war period about which Germany heard nothing whatever.

After the world had been reduced to chaos, tradition and experience were no longer of any avail. The fact that the two last decades witnessed the failure of so many old and conservative leaders in finance and industry, while upstarts and adventurers flourished everywhere, is to be explained simply enough by the circumstance that the compass-needle which during the quiet years before the war had guided the course of all economic endeavor, had now ceased to function. Among all the various indices hardly a single one remained unchanged. Production and consumption, currency and credit, technical methods and habits of life, underwent a complete transformation — almost, one might say, overnight. Those who were not bound by any tradition, the daring adventurers, had their chance in those years. The old conservatives no longer could find elbow-room.

It may be quite true that, from the standpoint of economic theory, the crisis of 1929–1933 is in no way different from any of

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the crises of the past century — in its causes, in its progress, in the therapeutic measures to be taken. During each severe crisis of the nineteenth century contemporary observers were convinced that it was essentially different from all former crises, that it admitted of no comparison with any other, and that therefore any automatic recovery was out of the question. They believed, in short, that the past had to be buried, since in some sense or other a new era had been ushered in. And on each of these occasions the traditional economic system seemed finally to have been overcome. Today we are really justified in speaking of a new era. But it is not new in the sense that a crisis of capitalism has been brought about by any economic factors or developments, such as Karl Marx had in view when he spoke of the dialectic transition from capitalism to socialism (in accordance with the immanent law of the system). Quite the contrary, what is really new is here again to be found in the extra-economic sphere. The war has created an economic situation which simply cannot be mastered without the aid and intervention of the state. The states, and they alone, were able gradually to reconstitute the world markets, which had been destroyed by political events and not by any economic crisis. The emergency bridges which had to be built across the trenches isolating one blockaded country from another were built by the states. The international debts represented in the main an accumulation of political debts. The freedom of movement of men, goods and capital, destroyed by the war, has not been restored to this day. Whether, or when, or to what extent it will ever be restored in the future remains an open question.

But the relation between the state and economic life has been radically changed, not only with respect to foreign intercourse, but also in the internal domain. Today the state has to deal with problems entirely foreign to it in the past. In all countries the war has bequeathed a financial problem bigger than any hitherto dreamt of; debts, normal public expenses and taxes everywhere have multiplied. And now the state finds that people no longer strive to exclude it from the economic and social sphere, as was the case in the nineteenth century, but on the contrary are determined and ready to invoke its aid at any moment, in any public emergency. The people have come to regard the state which organized the war as all-powerful. During the war the state made it its business to feed and clothe not only the army, but the ci-

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vilian population as well; it also regulated the exchange of money and commodities and exercised a dictatorship over production and distribution. And while the state claimed this absolute power as a matter of course, it also did not hold back from acknowledging its own social obligations. Here is a fact pregnant with meaning; the state became for a time the absolute ruler of our economic life, and while subordinating the entire economic organization to its military purposes, also made itself responsible for the welfare of the humblest of its citizens, guaranteeing him a minimum of food, clothing, heating and housing. The famous cards for bread, fat, sugar, coal, underwear and shoes are not yet forgotten in Europe; and the war-time laws for the protection of tenants are still maintained, in one form or another, in many countries. This whole experience precludes even the wish to revive liberalism in the Manchester meaning.

IV

Most people view the consequences of this crisis somewhat naïvely, in terms of the antithesis between capitalism and planned economy. I say "naïvely," because most of us picture capitalism to ourselves as a conservative, reactionary principle, and "planned economy" as a radical, progressive principle. Actually, it is just the other way around. Capitalism is inclined, for better or for worse, to liberate forward-driving forces; a planned economy is inclined to put artificial restraints upon those forces and to crystallize them at a given point. Such a statement will, I know, provoke a storm of protest and raise many doubts; but one has to take risks in sketching in rough outline a situation so vast and complicated. Suppose I try to make my meaning clear in the fewest possible words.

Any economy, and therefore a capitalistic economy, requires planning. Every business man has to plan, and the larger his enterprise, the more careful and far-sighted must his planning be. A coal mine operator, in setting out to sink a shaft which at the earliest can be made ready in five years, must work according to a Five Year Plan that will take into account costs, possibilities of interruptions, and prices which are apt to prevail when finally the new coal reaches the market. A great electrical concern must try to estimate just how the demand for current is to develop over a term of years, in order to determine where to build turbines and how many. The same is true of all industries, almost without

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exception. The management of such an enterprise has to "plan" in the very same way that the "planning commission" of a socialist community has to "plan," and it has very much the same data to work with — the birth rate, for example, the probable number of marriages, the foreseeable development in technical methods, and so on.

The differences between the "planned" and the "capitalistic" systems come down, rather, to the following:

1. Under capitalism, the business-man makes a miscalculation at his own risk; his mistake in the worst case spells economic ruin for him. The errors of a planning commission are paid for by the community at large.

2. If a hundred thousand business-men are planning away, each on his own account, the mathematical chances that shrewdness and folly will offset each other to a certain extent are incomparably greater than is the case where the decision as to the economic fate of a nation is entrusted to one central brain.

3 (and most important). Capitalism functions under an objective law made manifest through the market — through prices and interest rates. The dictator, under capitalism, is the consumer. In the long run, production is determined by what the consumer is willing and able to buy. Such a dictator is subject to human influences like any other, and, in principle, it does not matter whether the influence is exerted through advertising, persuasion, party-intrigues, or a pretty woman. No dictator lives in a vacuum; though a dictator, he is none the less a human being, responsive to all human motives. But he is also, none the less, a dictator. The capitalistic business-man can never escape the dictatorship of the market (the case of the monopoly we shall consider later on), and the market, at least in countries where oversupply rather than undersupply is the rule, is in turn determined by the consumer.

Under planned economy the dictator is not the consumer but the producer — the state — which prescribes how the consumer is to deport himself, what and how much he is to eat, what clothes he is to wear, where he is to live, what manner of life he is to follow. And the moment the socialistic state acquires dictatorship over the consumer (in other words over the citizen who becomes forthwith a subject) it also assumes control over technical progress.

That, perhaps, may make clear why I view a socialistically

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planned economy as embodying a conservative reactionary principle. An essential part of its very nature is a tendency to simplify things, make them "manageable," and therefore to crystallize everything at a given point.

To illustrate, one need only consider the parallel developments in technical invention and in manners of living during these past thirty years. Changes in dietary customs have revolutionized conditions in agriculture. The fact that women have come to wear lighter clothes has occasioned a crisis in cotton-growing. The radio and the talking-picture, which today play a leading rôle in the lives of the masses, were inconceivable fifteen years ago. The use of the automobile as a commonplace vehicle has transformed the manners of living of the western peoples more profoundly than any other technical development of the last 150 years. The invention of the safety-razor should have put the barber out of business; instead, the switching of women from pigtails to bobbed hair has given the barber's business an importance no one could ever have dreamed it would have. For all such developments there would be no place whatever in a socialized "plan," for they have all been, as they will always remain, unforeseeable, owing their origin either to chance or to genius.

Differences of opinion are possible as to the importance to be attached to all such things. Here again the final judgment does not fall within the economic sphere. Recognizing the economic and technical superiority of capitalism, a person may still be a communist because the communist ideal as such, or the remedying of certain incidental defects in capitalism, may seem more important, more worth striving for. But that is not the decisive point. The decisive questions are whether individual freedom can exist apart from private property and freedom of consumption, and how highly one is to prize individual freedom. For even were capitalism incurably affected by all the evils ascribed to it by its opponents, it would still be a blessing to be defended to the last ditch if it were the only thinkable economic system under which individual freedom — freedom not only in the material sphere but freedom of thought, speech and movement — could be assured, and if a socialistically planned economy precludes such freedom by nature and definition.

The real antithesis between capitalism and planned economy is therefore necessarily involved with the antithesis between

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democracy and dictatorship. And we have seen that this latter antithesis is unsolvable in the economic field.

V

Fortunately, however, this antithesis is irreducible only in the domain of dialectic. As we have demonstrated, the capitalistic state has for a long time been located at the very center of business and it cannot and will not withdraw from that position. The problems with which it has to deal have ceased to be problems of ends: they are problems of means. How can the state meet the obligations that have been thrust upon it, without ruining business? How can it attain and preserve a maximum of social justice along with a maximum of economic efficiency? The state was gradually edged into the management of economic life at a time when it was not aware of doing any such thing and was far from wanting to do it. The problem that confronts it today is to make that management practical, to make it aware of its aims and purposes.

The question has to be considered along three lines: 1. Control of production. 2. Control of the distribution of national income. 3. Credit control and fiscal policy.

1. The scope of state control of production is relatively limited. It comes down, after all, to the problem of monopolies. For a generation or more the monopoly question has had a greater influence on political life in the United States than in any European country. The answer which the Americans found for it was to break up the monopoly and establish legal guarantees for free competition. The recent "codes" have to some extent taken the edge off this tendency in American political feeling, though it is apparent that the tendency as such is quite as strong as it ever was.

We must not forget, however, that another solution for the monopoly problem is possible: toleration of monopolies and governmental supervision of them. That has been the European solution, as developed more particularly in Germany. In most of Europe, railroads and public utilities are owned by governments, national or municipal. As regards control of industrial monopolies (in the form of trusts or cartels), practical results have been only moderately satisfactory. But the harm in that is not very serious; after all, the problem of industrial monopolies is far less important than the heated public discussion which it arouses

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might lead one to suppose. Even when there is no government interference, the limits within which the power of a monopoly can assert itself are very strictly prescribed. The monopoly or half-monopoly is commonly regarded as economically dangerous not only because the consumer may be exploited, but more especially because the excessive earnings of those who enjoy monopolies stimulate over-capitalization, which in the end represents economic waste. I do not believe that that view is sound, or at least I do not consider it very important. I can think of no important case, either in America or Europe, where any real misdirection of investment is to be attributed to earnings from monopolies. But in any case, the fact that such-and-such an investment was wrong can ordinarily be determined in an objective sense only when the crisis resulting from it, real or apparent, has long since been overcome. Not till the next boom period does it become plain what has been rational or irrational in a given economic scheme.

Agriculture does not follow the law which business follows. Experiments like the A.A.A. may therefore be ignored in this connection. Agriculture turned to state control of production earlier and more generally than industry. There were so many causes for this, economic and non-economic, that I can hardly touch upon them here. In the farming world the technical revolution affected an especially conservative class of people, more than ordinarily resistant to change, and less adaptable to new circumstances. In agriculture, therefore, the state is promptly called in to halt or attenuate the working of economic laws. The state is now fulfilling that function by sheltering agricultural products — in different ways and to differing extents — from the law of supply and demand which rules the open market. Everywhere the farmer is winning the special treatment which he demands.

2. But the system of production is not (except for out-and-out communists) the central point in the struggle in the political field. More and more the main way to drag the state into interference with business is through controlling the distribution of national revenue. Continuously greater and more varied needs of the masses are forever demanding and finding collective satisfaction. The great pot into which private initiative throws its product is being divided up more and more along collective lines. The state is pushing its activity in this connection further and further afield, and is assuming more and more of the responsi-

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bilities which used to be entrusted to private individuals. In this respect the United States has still much further to go than Europe, where it is taken for granted that educational institutions, hospitals, theatres, picture galleries, should be maintained by the national or local government and not by private organizations. Actually, whether railroads or electrical plants are in private or public hands is much less important than the apostles of either system are inclined to pretend. In America, generally speaking, both those utilities are under private control. In Germany, electricity and railroad transport are both under public control. Fundamentally, none the less, the problems for both countries are the same. But the manner in which the state applies its policy of rate fixing is obviously becoming more and more important every day; for, both absolutely and relatively, the technique of traffic and of power supply plays a vastly more important rôle in social and economic life today than it did thirty or, say, fifty years ago. A much larger share of national income is being spent on railroads, automotive transport (in its relation to railroads, road-building, etc.) and electrical power than before, and to that extent a far larger proportion of this income is being made subject to governmental interference.

The housing problem will doubtless become even more important from this point of view in the years ahead. The rebuilding of the great cities of the civilized world is to constitute the great problem of the next decades. The masses of city dwellers live in buildings which do not in the least correspond to the technical and economic possibilities of our time. Strictly private initiative can hardly cope with the housing problem. The city of the future cannot be allowed to grow up wild; it has to be brought under a building plan. So far as one can foresee, this undertaking cannot be financed by private resources any more than the railroads or the schools can do without public support.

However, the most important and decisive step taken by the state in relation to the distribution of national income has been in the matter of unemployment insurance. This is the most typical product of the war-time conception that the state is called upon to guarantee a minimum subsistence to all its citizens. I doubt whether even the United States can very much longer avoid a system of organized public relief for the unemployed — whether it takes the form of insurance or some other form makes little difference. It is unendurable, both morally and from the standpoint

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of social utility, that millions of people who are out of work through no fault of their own should be abandoned to private charity. That is humiliating to giver and receiver alike, and the sense of humiliation, the feeling that hungry millions are dependent on the generosity of the rich, constitutes what is perhaps one of the greatest dangers to the capitalistic economic system. But however one looks at the matter, there can be no doubt that in guaranteeing subsistence to large numbers of its population the state is coming to apply a very considerable fraction of the social product to purposes which are determined by considerations not of an economic but of an entirely different order.

3. The problem of the unemployed drives the state to the last and most painful step. It cannot rest satisfied with dividing the pot which capitalistic production sets before it. The most urgent considerations force it to make sure that the pot is abundantly and regularly filled. And that brings us to the question that today overshadows all others — the question of state control over business cycles.

VI

The question as to whether and how far the state can control trade cycles and prevent crises must be put in the forefront of all current social and political thinking. The problem has very complicated and far-reaching ramifications. It may be said in the broadest sense to dominate the whole field of statesmanship in the latter's bearing on credit and finance.

Here again we must go back to the war days. The war gave governmental finance a quantitative significance that had never been dreamed of before. Public debts and public expenditures leapt into huge figures; and, since the war, state budgets the world over have taken on an altogether different structure. Two items which had played a subordinate rôle, or no rôle at all, have now come to constitute overwhelming and permanent burdens: interest on debts, and war pensions. Nowhere more conspicuously than in the domain of public finance has the state been forced from the border regions to the center of economic life. In most countries, in the old days, from five to ten percent of the national income had been sufficient to cover public obligations and expenditures. After the war the proportion rose in many countries to fifty percent, and even higher. So far as interest on debts is concerned, the state is undertaking nothing more than a redis-

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tribution of income, since the bondholders who collect their interest are also taxpayers. And the same is true, of course, of war pensions. But that makes the tax policy of the state and its credit policy only the more important — it is far from being a matter of indifference whether a government taps one source of income or some other in order to pay its debts. As things have turned out, the burden of debt which the war left in its wake has become unbearable, in the long run, for everybody concerned. For long years after the war there was a disposition in all European countries to play with the idea of a tax on capital in order to get free of part, at least, of the war debt. In some countries the thing was even put through.

But in the end all governments have followed the most practical road to a reduction of the war debt burden: devaluation of currency. The United States has been the last of the Great Powers to fall in with that policy, although in America the pressure of private debts played a more important part in bringing about devaluation than the public debt. But meantime the experience of the war has not been forgotten. The war showed to what unheard of lengths the state could go in controlling the capital market and in drawing on it for its own purposes; and it is altogether natural that once it has used that resource for war purposes it is tempted to use it also for the emergencies of peace.

Budget policy, tax policy, credit policy, currency policy — all go to make up one indivisible unit. Anything done in any one of those departments has its effect on all the others. As master of taxation, the state is in direct control of a large portion of the national income; as master of railroad and public utility rates the state is in indirect control of another large portion of the national income; as master of the credit markets the state has indirect command over investments; this state therefore cannot avoid taking currency under its control.

In broaching this theme I have no intention of touching on controversial matters connected with the recent currency policy of the United States. But ever since there have been centralized banking systems, the state has been coming closer and closer to control over currency. Since the war, we have seen the state everywhere taking charge of currency policy, however differently the formal and legal relation between government and central bank may be regulated in different countries. When important decisions have to be made, such formal differences count for little.

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Whether the Exchequer has the greater influence on the Bank of England or the Bank of England on the Exchequer is always a question of the individuals who happen to be in charge; but it is unthinkable that the Bank of England and the Exchequer could ever embark on conflicting policies. This is all the more true of France, to say nothing of Germany or Italy.

But once the state comes into possession of the decisive instruments of power in capitalistic economy — money and credit — it at once finds itself becoming responsible for prosperity and depression. That is an entirely new feature in the eventful history of the relations between state and business. It is, however, the logical consequence of an unmistakable development. Can the state assume any such responsibility and meet it — even halfway? That is the last and the most serious question which faces the state today. What it has been doing is nothing less than assuming responsibility for the whole economic fate of the nation.

I could not, within the scope of this article, even so much as allude to the theory of economic cycles. Whether the depression with which we are struggling is one of those normal cyclical developments that have been constantly recurring in the undulatory movement of capitalistic business ever since we have been able to follow its history, or whether it has an exclusively political background and so requires exclusively political remedies — that question I must leave aside. From the theoretical standpoint, the determining cause of the depression is a maladjustment between savings and investments. Every boom tends to drive investments above the savings' quota, and so to bring on a crash through an overstretching of credit. The readjustment takes place as the volume of credit is reduced, through the bankruptcy and shrinking of business, to the point where the supply of capital becomes more abundant, money becomes cheaper, and inducements are again offered to investors. The storm signal for a crash is the rapid rise of interest rates to abnormal heights (in 1929 call money reached 20 percent in New York). A sign of recovery is seen in a revival of the issuance of securities as a result of low interest rates on money. Whether this time this automatic recovery from depression through the cycle of credit expansion — credit restriction — new credit expansion, has failed we have no way of knowing, since everywhere, in Europe as well as in America, the impatience of governments has interfered with the "natural" course of things.

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The forces which underlie that interference we have tried to lay bare in this article. State interference with the development of the cycle has not been voluntary, it has not been accidental, it has not been avoidable. But in saying that we have unfortunately said nothing as to its chances of success.

As long as the state handles itself as though it were a private business man there is not much danger. The private business man is on the lookout to keep a profitable relation between outlay and earnings. He will borrow money at three percent when he can use it in a business that promises four or five percent. If and so long as the state does nothing except replace private initiative, because the latter has been crippled by fright or inertia, it can do no great damage. But danger and damage appear in the offing when the state spends money for the mere sake of spending, regardless of economic purposes and returns. That means wastage of capital. In that case the state behaves like a spendthrift who enjoys himself for a longer or shorter period, but who some day stands face to face with ruin. The power of the state comes to an end at the point where the mechanism of the money and credit system begins to break down. The limit of the state's control of business is the line where inflation gets out of control. On that the mechanism of government itself breaks to pieces. Inflation may lead to the collapse of a governmental system.

(I must leave no room for doubt as to the fact that I see no such danger in Mr. Roosevelt's budget policy, provided it is really carried out to the end along present lines. The President does not seem to be contemplating the permanent replacement of private by public initiative. On the contrary, by concentrating the execution of great public enterprises in a short period of time, he merely is giving such strong encouragement to private initiative that the capitalistic machine will, so to speak, keep on running by itself. Danger will materialize only in case the impulse given to private initiative proves inadequate or merely ephemeral. In that case, the government will be faced with pressure from the masses and might have to carry on its program of expenditures on the original, or on an even larger, scale.)

## VII

Thus the problem of the relationship between political power and economic law becomes acute in a new and not yet sufficiently explored sense. A generation or more ago, science (in Boehm-

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Bawerk) had established the fact that inside the private capitalistic sphere the allotment (imputation) of national income to capital interest and wages can be only very slightly shifted by political pressure either from government or trade unions. But the state's present assumption of power over business becomes effective on a much higher plane. The state now claims the staggering prerogative of setting itself up as lord and master over the economic destiny of the nation, whereas in an earlier day it tried at the most to control conflicting group interests inside the economic framework. But here also the power of the state meets limits that are set by economic law. The conservative, of course, shudders at the mere attempt. He regards it as sheer insolence for the state ever to presume such a thing, for it ever to venture to interfere in the handiwork of God. And anyone who has enough imagination to appreciate the manifold and complicated nature of social processes can share that alarm. The conservative stands in awe and dread before the complexity of life. The radical takes things more lightly, partly because he does not know much about them, partly because he is not afraid of them so far as he feels himself a match for them. If the understanding and humble conservative finds himself involuntarily but unavoidably in alliance with inertia, the powerful ally of the aspiring radical is ignorance.

For the moment, however, the decision between the two does not rest with us, nor can we venture to prophesy what the future will be. Perhaps the conservative and the radical will join hands in the great and noble enterprise of political and economic education. Whether the state is to show itself equal to the gigantic task which history has thrust upon it is a question of the moral and intellectual qualification of leaders and masses alike. On this question hangs the destiny of capitalism and democracy.

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# TROUBLES OF A NEUTRAL

*By Charles Warren*

AMERICANS at the present time seem determined to refrain from joining with other countries in attempts to avert war, and equally determined to remain neutral and to keep out of any war that may occur between other countries.

Personally, I believe that the United States should not so refrain; and I fear, moreover, that it will be impossible to remain neutral in any war between Great Powers resulting from a violation of the League Covenant or of the Kellogg-Briand Pact. But so long as this country holds to the opposite view, it is of immense importance that Americans who hope to keep out of war should be made to realize the burdens which they must probably assume, and the rights which they must probably yield, in any attempt to fulfill their hope. For, in order to keep out of any future war between Great Powers, the United States must do far more than to remain technically neutral. There is no magic in the word "neutrality" as a protection to us against war. In fact, the very condition of neutrality engenders frictions which nowadays are likely eventually to implicate a powerful neutral in any war in which the Great Powers may be engaged (especially if one of those Powers happen to be a naval Power). The United States, therefore, cannot rely on neutrality alone. To the old warning, "in time of peace, prepare for war," must be added another, "in time of peace, prepare for keeping out of war." And in the present unsettled state of international affairs in the world the people of this country should now be giving serious thought to such preparation, by the immediate passage of further legislation, not merely for maintenance of our future neutrality, but for the avoidance of frictions which will otherwise inevitably grow out of that neutrality, and which, unless prevented, will inevitably drag us into the conflict. Statutes for this purpose should be enacted now, so that they may be put into active operation at once upon the outbreak of a war; for, in 1914, grave difficulties were created for our Government by the absence of Federal laws adequate to deal with the unexpected situations produced, not only by changed conditions of modern warfare, but also by hostile operations of belligerent agents and supporters on our neutral soil.

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How certainly a future neutral is likely to be involved in dangerous complications with the belligerents, both with respect to obligations which international law imposes on neutrals and to rights which it confers, has been recently made clear by Mr. Lloyd George. In the second volume of his "War Memoirs" he points out that since the attitude of a belligerent is governed "by the exigencies of a deadly strife, the country which is determined at all costs to remain neutral must be prepared to pocket its pride and put up with repeated irritations and infringements of its interests by the belligerents on both sides," and "should the difficulties of neutrality prove too great, it is left with the choice of treating the violation of its rights by one of the belligerent powers as a *casus belli*." Thus, belligerent disregard of rights growing out of neutrality is very likely to drive the neutral straight into war. And even full and rigid compliance by a neutral with its legal obligations may constitute an irritant to one or the other of the belligerents and be a means of involving it in the war; for, by reason of geographical or other conditions differently affecting opposing belligerents, an obligation imposed by international law upon a neutral frequently operates in such a way as to render a country, while technically neutral, an aid in fact to the one side as against the other.

Hence, in the future, in order to keep out of war, it will be necessary (as before stated) for the United States to do far more than merely comply with its legal obligations of neutrality. In order to avoid friction and complications with the belligerents, it must be prepared to impose upon the actions of its citizens greater restrictions than international law requires. It must also be prepared to relinquish many rights which it has heretofore claimed and asserted, and to yield to contentions by belligerents, hitherto denied by it, with respect to interference with the trade and travel of its citizens on the high seas, if the interests of the belligerents seem to them so to require.

This is not a statement of any theoretical condition; it is the necessary conclusion from what took place in the World War. The United States found that to assert neutrality by Presidential proclamation or otherwise was easy; to maintain it in face of activities of belligerents on our soil or in our waters was difficult; to preserve it against the conflicting contentions of the belligerents was practically impossible. And it must also now be borne constantly in mind that (with the exception of the existence of

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a statute enacted in 1917, of which I shall speak later), every condition which confronted the United States from August 1914 to April 1917 is still present or possible today. Not a single controversy which arose between our Government and the belligerent powers has been settled. Every single contention made by them respectively as to use of submarines and as to neutral rights on the high seas is still made by them. We are just where we were on April 6, 1917, so far as any agreement on what are the rights of neutrals then involved is concerned.

It so happened that from August 1914 to April 1917, I, as Assistant Attorney General of the United States, was charged with enforcing our neutrality laws and obligations and with investigating and prosecuting all hostile activities of belligerents in this country, so far as the Department of Justice was concerned. I was, therefore, placed in a position in which a clear comprehension was to be had of what steps the United States would be obliged to take in a future war, if it expected to keep out of such a war. It may be admitted that, in one respect, the United States is at present better prepared to cope with problems affecting a neutral than it was in 1914. At that time, practically no neutrality legislation had been enacted since the year 1838; and there were few Federal criminal laws appropriate to deal with the hostile activities in which German agents and sympathizers engaged on our soil from 1914 to 1917 — the manufacture of bombs and the placing of them in cargoes of sea-going vessels, the explosion and burning and attempted destruction of munition factories and manufactures of other war supplies, the interference with transportation of such supplies, the attempts to blow up canals, bridges, and other property in Canada, the furnishing of coal and other supplies to belligerent warships on the high seas through neutral ships for which clearances were obtained by false statements, the forging of United States passports, the operations of agents of the German Government in this country without notice to our State Department. These and many similar activities were entirely unanticipated, and we had no Federal criminal laws adequate to curb them. When the serious gaps in our protective statutes were finally perceived, the Attorney General of the United States directed me to draft further legislation for the better enforcement and protection of our neutral state. Eighteen proposed statutes so drafted were submitted by the Attorney General to Congress in June 1916; but they were

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not enacted into law until June 15, 1917 (after we had ceased to be neutral). They were then embodied in one law under the various titles and sections of the miscalled Espionage Act (an Act which was very little concerned with espionage and which was chiefly a neutrality law). With this law now in existence, a repetition of many of the hostile and criminal activities which took place here during the Great War is not to be expected; and some of the conditions will be controlled, which produced so great friction between us and Germany. But the provisions of this law cover only a limited portion of the field of legislation which the United States ought to enact now, if it hopes to avoid similar sources of friction with belligerents; and past experience amply shows that, to achieve that result, the following are some of the additional obligations and restrictions which we must assume and impose upon ourselves.

1. One of the earliest questions which the United States Government had to solve at the beginning of the Great War, in August 1914, was what to do with radio stations. As the advent of the wireless had been subsequent to any previous war, it constituted a new problem and its possible use presented conditions differing from the use of cables or telegraph. Each belligerent complained that radio stations then built or being built were or were to be owned or operated by or in the interest of the opposing belligerent. As early as August 5, 1914, and without any great degree of statutory authority, our Government felt obliged to take over a certain amount of control and censorship, because of the fact that such stations could be used as a base of operations to direct belligerent fleets on the high seas and for other belligerent purposes. Subsequent Federal legislation has increased its authority, and the Government will undoubtedly find it necessary in a future war to take over control of all high power radio stations; it will also probably be obliged to prohibit transmission of any secret code or cipher message, by wireless (and possibly by cable or telegraph), even those sent by foreign diplomats, in view of experiences in the Great War with the use of such means both by diplomats of belligerents as well as of other neutral nations. It will certainly be wise to forbid the use of radio instruments by any ship in our ports or waters, as Chile, Argentina and Norway found necessary in the Great War.

2. One of the leading sources of friction between us and Germany and Austria was the supply by citizens of this country of

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arms and munitions to the Allied Governments — an action permitted by international law. Germans became infuriated (and not unnaturally) when they saw, or believed they saw, their soldiers killed and wounded by American-manufactured armament. It was, however, contended by one of the belligerents that it would be unneutral in our Government, after the war began, to change the rules of the game and to then forbid such supply by our citizens; for such Government interference, it was contended, would have had the effect of deliberately favoring Germany over Great Britain, France, and Italy. On the other hand, refusal of our Government then to interfere, though strictly in compliance with the law of neutrality, did, in practice, favor the Allies over Germany, owing to the control of the seas by the former. In a future war, we should, at its very outset, forbid the supply or sale of arms and ammunition to all belligerents. It must be admitted that under present conditions, when many articles used ordinarily for commercial purposes, such as cotton, chemicals, etc., may be employed directly for war purposes, it will be very difficult to know where to draw the line on such prohibited sales, and that unless a line is drawn, such a provision might lead to a practical embargo on all trade with belligerents. It is possible, nevertheless, for practical purposes to define in a statute the words "munitions of war;" and this has been done in two carefully drawn bills introduced in 1928 by a Republican Congressman, Mr. Burton of Ohio, and by a Democratic Congressman, Mr. R. Walton Moore of Virginia, and also in a thorough opinion rendered by Attorney-General Wickersham in the Taft Administration. During the Great War, similar legislation was introduced by Senator Hitchcock of Nebraska as early as December 7, 1914, which was widely supported later throughout the country. Moreover, it is sales of such munitions as cannon, shells, explosives, bombs, machine guns, rifles, cartridges and the like, which gave rise and will give rise to the bitterest resentments by belligerents and which resentments will be obviated by the proposed legislation. It may be admitted that it will be difficult to prevent sales of munitions being made indirectly to belligerents through agents or friendly purchasers in other neutral countries. Nevertheless, unless the attempt shall be made by us, we shall incur serious resentments, which will impair the possibility of our remaining out of the war.

3. If we are not prepared to go so far as to forbid the sale of

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arms and munitions to belligerents, we should at least forbid their shipment in American vessels. For, since the right claimed by Germany to employ submarine attack without warning upon vessels carrying arms and munitions of war or armed for defense has never yet been settled by any agreement of all of the Great Powers, and since, therefore, such submarine attacks are practically certain to be employed in any future war, with the inevitable result of dragging this country into the war if American citizens on such ships shall be killed, it will be necessary for our Government to forbid American ships to carry arms and munitions to the belligerents. For the same reason, it will also be necessary for our Government to forbid American citizens to travel as passengers or members of the crew on any ship, whether belligerent or domestic, which shall so carry a cargo of arms or munitions. Undoubtedly the right of an American to travel on any such ship is an admitted right under international law; but unless we are prepared to go to war to maintain it, it is a right, under the present contentions as to the use of submarines, which we must be prepared to yield or restrict for the sake of remaining at peace.

4. Germany attempted to justify her method of submarine warfare by pointing out the fact that British merchant ships carried armament ostensibly for defense but which could be used for attack; and Germany has never abandoned this contention. On the other hand, the Allied Powers asserted and continue to assert their right to arm merchantmen for defense. As early as August 15, 1914, a controversy arose with our State Department as to the status of a British merchantman which had entered New York with two naval guns mounted. The subject of this controversy continued to inflame the situation through the war; it gave rise in 1916 to the McLemore Resolution. It is a most certain source for frictions. Our Government, at the outset of any future war, should forbid the entrance into our ports or waters of any commercial ship of a belligerent which is armed, whether for defense or offense, with cannon, or which has emplacements for cannon, or else it should treat such ships as auxiliary cruisers of the belligerent. The United States should also forbid American citizens to travel on such ships either as passengers or crew. It will not be wise to run the risk of another *Lusitania* complication. (While, of course, examinations before sailing and subsequent investigations by our Government offi-

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cers proved conclusively that that vessel did not carry armament, yet she did carry in her cargo munitions of war classified as non-explosives, such as cartridge and unfilled shell.)

5. Since many attacks by submarines on our ships were due to the practice of British merchant vessels in flying the American flag for purposes of deception, our laws should authorize the President to forbid entrance into our ports of any ship belonging to a belligerent nation which shall permit such a practice.

6. Complications arose in the Great War by the action of a German cruiser in sending into Norfolk with a prize crew an English ship, the *Appam*, taken by it as a prize. No prize should be allowed to enter or be brought into our ports. Treaties on this subject should be revised.

7. In the Great War, our Government allowed the entry into our ports and waters of commercial submarines belonging to Germany, since international law did not require us to forbid it. Friction with supporters of the Allied cause arose. On the other hand, Norway, Sweden and Spain forbade the use of their ports and waters by submarines of belligerents. The difficulty of any adequate supervision over the operations of submarines, whether war vessels or merchantmen, should lead our Government to debar their entrance into our ports or waters during a war. For similar reasons, aircraft of a belligerent, whether war or commercial, should be forbidden to arrive or descend within the jurisdiction of the United States or to pass over our territory.

8. German merchant ships in our ports at the beginning of the Great War became, in many instances, seats of bomb manufacture and nests of activities, criminal, and otherwise hostile to this country. Such ships in the future should be required to leave our ports within a given time after outbreak of war (unless such action should be violative of treaty obligations), and if they shall choose to remain in our ports, they should be taken into the custody and control of our Government during the war (not for use by our Government, but for safekeeping and preventive purposes) or until such time as they shall desire to clear from our ports.

9. One serious source of irritation, as to which frequent charges were made by both belligerents against our Government for alleged violations of our duties as a neutral, was the use of our ports as a base of supplies to send out ships carrying food, coal, and other supplies to belligerent warships on the high seas. As a

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matter of fact, our Government exercised the fullest diligence and care to comply with its neutral obligations by preventing such use, wherever it had or could obtain knowledge; but fraud and deceit by belligerent agents made our efforts to some extent ineffectual. Early in the war, charges by the German Ambassador that New York was supplying British warships off the port were investigated by us and found baseless. On the other hand, after long, patient, and difficult investigation, we found ample evidence of the still earlier sending out of ships from New York, San Francisco and other ports, by German agents to supply coal to German warships. At first, we had no Federal statutes sufficient to deal with the situation; but we did indict and convict certain German corporations and individuals here for false statements in papers submitted by them to this Government in connection with clearances. In 1915, Congress authorized the President to refuse clearance to any ship which he had cause to believe was to constitute such a supply ship to a belligerent. The Act of June 15, 1917, gave still further authority to our Government. Even more stringent legislation, however, may be necessary in any future war. How deeply the fortunes of a belligerent may be involved may be seen from the fact that two American ships controlled by Germany which were cleared from San Francisco, in the fall of 1914, by means of false statements as to their destination, actually supplied coal to the German cruisers *Dresden* and *Leipzig* which made possible the defeat of the British fleet in the battle off Coronel. It may be wise to consider seriously the advisability of granting to the President authority to forbid the entrance into our ports and waters of any ship of a belligerent nation which shall have violated or may violate in the future the laws of neutrality or our statute laws. We should also consider the advisability of forbidding clearance to any ship, domestic or foreign, owned by a corporation or individual which shall have committed such a violation. Argentina and Chile took action along these lines; and it is interesting to note that, in 1915, Brazil even went so far as to authorize taking over the ships of its national merchant marine "in order to avoid international frictions which might compromise the cordiality of the relations of perfect friendship in which fortunately we live with other peoples."

10. Considerable controversy arose in the Great War between our Government and Italy and Great Britain over the status of merchant ships of the latter two countries which had been

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chartered, requisitioned, or otherwise officially controlled by the respective Governments. The status of these ships raised a question whether they should not be considered as supply ships of the belligerent navies. To avoid any dispute in the future, our Government should announce its intention, at the outset of any war, to treat such ships as adjuncts of the belligerent navies, and subject to internment under international law if they shall remain in our neutral waters longer than the time prescribed by such law for belligerent war vessels.

11. A leading source of friction in the Great War was the public floating of loans in this country by belligerent Governments. International law, while forbidding loans by neutral Governments to belligerents, allows such loans to be made by private citizens of neutral countries. To avert frictions and resentments, such loans should in the future be forbidden. Moreover, the possibility of pressure being brought by our own citizens upon our Government to enter the war on the side of a belligerent to whom the bulk of such loans shall have been made is such as to render it desirable to prevent such a condition from arising. Denmark in the Great War, it may be noted, penalized any person publicly inviting participation in a state loan of a belligerent. It is true that prohibition of such public loans would not prevent private loans for the financing of commercial transactions of the belligerents; and it is also true that such commercial loans constituted the bulk of the financing for the belligerents in this country in the Great War; and it is further true that to interfere with private loans for commercial financing would produce too great a commercial loss to our citizens to be readily endured by them. But, while the limited legislation above suggested would not and could not prevent all resentments, it would mitigate the situation. Moreover, if the suggested legislation as to prohibition of sale of arms and munitions to belligerents should be adopted, a great part of the commercial financing would disappear from the picture.

12. Considerable friction arose in the Great War between Great Britain and this country owing to the unequal action of our neutrality statute which forbids enlistment in this country in the forces of a belligerent. When we indicted and convicted British officials here of violating this statute, the British Ambassador violently complained that we did not take similar action against German and Austrian officials. But, as decided by

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our Courts, the British actions constituted in fact a violation of our enlistment law; whereas, since all German and Austrian reservists in this country were already on the army lists of their respective countries, their assembly here and dispatch abroad did not fall within the meaning of the word "enlist" used in our law. To avoid this source of friction, we should forbid both kinds of action by belligerents in this country, regardless of the technical meaning of "enlistment." The evil is equally great to us, whether agents of a belligerent gather together in this country either new recruits or reservists.

Hostile sentiment towards this country during the Great War was further aroused in the belligerent countries by the extent to which American citizens enlisted in belligerent armies, notably in the French and Canadian forces. Nothing in the law of neutrality forbids such action; but its allowance by a neutral country is certain to excite resentment. Denmark wisely made it a crime for one of its citizens "to take service in the armed forces of any belligerent." This country might profitably enact similar legislation in any future war.

Most of the above provisions must be embodied in legislation which shall operate at once upon the outbreak of another war, if we are to avoid being forced into future wars between Great Powers owing to inevitable frictions aroused by our neutral position; and much of such legislation should preferably take the form of authorization of the President to put in force all or any of the prohibitions provided for.

Up to this point, however, the chief source of inevitable entanglement in a war under modern conditions has not been mentioned, *viz.*, the assertion and attempted enforcement by our Government of alleged rights of trade belonging to our citizens as neutrals. If, in the future, we intend to insist on the alleged rights for which we persistently contended from 1914 to 1917, then there is little likelihood that we can avoid entering a war, on the one side or the other. For these alleged rights, at the present time, are "rights" only in name. They are a legal fiction.

It is possible that, prior to 1914, international law and law-books did not recognize certain rights to trade as belonging to neutrals. But with the advent and progress of the Great War those rights were swept aside; and today the belligerents then engaged have not conceded any right which they denied from 1914 to 1917. Begin-

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ning with the first week of August 1914, and continuing up to our entry into the War, there was a series of acts by Great Britain, France, Italy and Germany, every one of which was challenged by our Government as a violation of our neutral rights: the sowing of mines on the high seas; the extensive and unreasonable sea zones involving danger to neutrals; the destruction of neutral ships captured in midocean; the unwarned sinking by submarines of neutral ships and of belligerent merchant ships on which neutrals were rightfully travelling; the forcing of our ships and of our mails into belligerent ports for the purposes of search, seizure, and censorship; the extension of contraband to cover foods and supplies to civil populations; the stoppage of our ships on the high seas for the purpose of taking persons off them. Secretaries of State Bryan and Lansing constantly protested all these actions, as contrary to international law. Nevertheless, on April 6, 1917, when the United States entered the war, not one of our contentions had been accepted by the belligerents; not one neutral right asserted by us had been granted by them as a right, though a few of our protests (notably against taking men off our ships) had been acceded to as a favor. After the war, neither the United States, nor other neutrals like Holland, Sweden or Norway, took effective action to submit their claims of violation of neutral rights to arbitration in order to determine whether any such rights were in existence. On the contrary, at the end of ten years from our entrance into the war, on May 19, 1927, Secretary of State Kellogg exchanged notes with Great Britain, deliberately giving up any attempt to ascertain the validity of our claims of violation of neutral rights by Great Britain from 1914 to 1917, and waiving the presentation of any diplomatic request for international arbitration of our claims, though saving the right (which right, of course, we would have had as a sovereign nation, without any such reservation) "to maintain in the future such position as it may deem appropriate with respect to the legality or illegality under international law" of the measures adopted during the war. So far as Germany is concerned, our dispute with her as to the legality of her use of submarines has never been settled, judicially or otherwise; and the treaty of February 6, 1922, framed at the Washington Conference for the Limitation of Armaments prohibiting the use of submarines as commerce destroyers has not been ratified by all its signers, and was not even signed by Germany.

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Hence, the situation confronting the United States today is that not a single neutral right of trade asserted by us is recognized officially by Great Britain, France, Italy or Germany to any greater extent than it was between August 1914 and April 1917.

What is the use of talking about neutral "rights," in view of such a situation? Of course, I do not mean to say that there are not many neutral rights which a nation, as a nation, still possesses and which are universally recognized; but it is evident that the citizens of a neutral nation do not now possess any rights on the high seas which can be successfully asserted against a belligerent without danger of such assertion leading to war. The fact is — and we must face it without deluding ourselves with international law as it exists in books — it is perfectly clear that, in any future war between Great Powers, each belligerent will deal with neutral trade in whatever manner may seem necessary to it in order to achieve victory — unless the danger of forcing the neutral to join in the war against it shall appear to it to counterbalance the advantage of such a policy. In other words, the neutral will be allowed just such privileges of trade, and only those privileges, which the belligerent believes will not impair too seriously its chance of winning the war.

The doctrine which was announced by both Great Britain and by Germany in many notes addressed to the United States from 1914 to 1917, to the effect that illegal interference with neutrals by the one justified equally illegal interference by the other, *i.e.*, the so-called right of retaliation, entirely ignores the existence of any such thing as a neutral right of trade. Yet this doctrine has been upheld by the English courts and by their prominent writers on international law. Thus, the Earl of Birkenhead, in his book on the subject, in 1927, defended the British reprisals as measures adopted in pursuance of the highest duty "to obey the law of self preservation," and, said he, "all the measures adopted may not be generally acceptable [to neutrals] but the broad policy pursued, it may be safely predicted, will be followed in another war by any naval belligerent to the fullest extent compatible with continued diplomatic relations with neutral States." And even an American naval officer in a treatise for the use of our navy, wrote in 1928: "It is generally recognized that a belligerent is entitled to prevent neutral commerce that will aid the enemy in prosecuting the war from reaching the enemy

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*via any route*. . . . To allow this commerce to proceed, when a belligerent has the power to stop it, may result in the loss of the war by such belligerent." And Mr. Lloyd George, in the second volume of his "War Memoirs," in describing the British relations with the United States, says very plainly that while neutrals during a war, "earn greater profits, they are subject to greater hazards and less consideration. Nations fighting for their lives cannot always pause to observe punctilios. Their every action is an act of war, and their attitude to neutrals is governed, not by the conventions of peace, but by the exigencies of a deadly strife."

In any future war, therefore, it will be wise for our Secretaries of State to cease using the words "neutral rights of trade." If we continue to contend for such "rights," we will inevitably be implicated in the war.

It behooves our Government, moreover (and in fact any Government), to be extremely cautious about inspiring in its citizens a belief in the existence of a "right." Men are often more influenced by their beliefs as to a fact than by the fact itself. Inculcation of a belief in a "right" is an inflammatory act. For instance, the interference with American trade by Great Britain from 1914 to 1917 would not, by itself, have produced such hostile sentiment here, if such interference had not been so continuously represented to the public by our Government as a violation of fixed, unchallengeable rights which our citizens possessed as neutrals under international law. The President and his Secretaries of State were undoubtedly justified at that time in employing the term "rights," because it was then supposed that they existed under international law. (It is unnecessary to consider whether we were correct in all of our contentions, but certainly *some* such rights were considered as established.) But now, in view of our past experience, discontinuance of the use of the inflammable words "rights of trade" in diplomatic correspondence will be one of the chief factors in helping a neutral to remain neutral.

In order to avoid this risk of becoming engaged in the war for the vindication of so illusory a thing as a "neutral right of trade," the sane policy for us would be, at the outset of any war between Great Powers, to admit frankly that, whether or not "rights" exist in law, it is impracticable to assert them successfully during the war, and that it is impracticable to wrest admission of them from a belligerent. Recognizing, realistically, that a belligerent

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will concede only such privileges to trade as it believes compatible with its own victory, the President of the United States should enter into negotiations with both belligerents at the outset of the war to obtain by informal agreement or convention the utmost concession or the best *modus vivendi* for the trade of our citizens; and in such negotiations valuable and persuasive arguments would be available to him, if there should then be on the Federal statute books the legislation above suggested, vesting in the President powers to be exercised at his discretion in any war in which the United States shall be neutral. The fear, expressed by some, that concessions to a neutral by one belligerent might be resented by the other belligerent seems ill-founded; for the United States would offer to both belligerents the opportunity to make such concessions, and the belligerent failing to make them could hardly be in a position to complain. Belligerents, moreover, can often afford to concede to a neutral, as a practicable arrangement of trade in a given situation, that which they will not concede as a right. There is too much talk in international affairs about rights and too little about adjustments. Harping on rights leads to arrival at positions from which a nation cannot withdraw or yield; it leads to ultimatums which inevitably lead to war.

If a President of the United States shall not be able to obtain concessions from belligerents, by agreement, he will have four courses which he can pursue, if belligerents continue to interfere with our citizens on the high seas. (And it is to be borne in mind that in the conduct of our foreign relations, the President has sole power to act, so far as the situation is such as not to require a treaty or legislation.)

a. He can decide that no right of neutrals exists.

b. He can decide that a right exists but that it has not been violated.

c. He can decide that a right exists which has been violated and which is of sufficient importance to lay before Congress as a *casus belli*.

d. He can decide that a right exists and has been violated but that he will not consider it wise, under the circumstances, to press it until the conclusion of the war.

It is for the President alone to make such a choice. Neither the Senate nor Congress can control his choice of policy, unless Congress shall decide, independently, to declare war. It is to be

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hoped that so far as neutral rights of trade are concerned, a President will make the fourth choice. It is better that our citizens should run the risk of commercial loss than that the country should be involved in a war to protect their alleged commercial rights. And indeed, there are many men in this country who believe that our citizens, travelling on the high seas in time of war, should do so at their own risk. Such a policy on the part of our Government would not entirely wreck our foreign trade, as some writers fear; for as a matter of fact, in the Great War, the profits from our trade with or for the benefit of the belligerents were so great that many American citizens would have continued to engage in that trade, as a speculation, regardless of the fact whether or not their right to do so was asserted by our Government or denied by any opposing belligerent. While it may not be desirable for our Government to take any legislative step either to protect or to prevent such trade (other than to prohibit trade in munitions of war, as specifically defined by statute), our Government may very properly say, in effect, to its citizens during the war: you engage in such trade at your own risk during the existence of the war, and you can protect your trade by requiring a profit correlative to the risk. If our Government should adopt this policy and its claim for violated rights should be upheld by any international tribunal after the war, and if the violating belligerent nation should not be able to pay, it would be far cheaper for this country to assume payment of all such claims of its citizens than to join in the war on the side of the one or the other belligerent, to enforce them.

Finally, even if all the above precautions shall be taken by this country to avoid being dragged into war, there will still exist in this country of mixed population the ever-present danger of becoming involved in war, through inflammatory propaganda in the public press and on the public platform by the adherents of one belligerent against the other. Recollection of the violent activities of the pro-Ally advocates, as well as of the pro-German advocates, directed against each other in this country from 1914 to 1917, and the testimony taken before the Overman Committee in 1918 as to efforts by belligerents to buy, control, or direct foreign language and other newspapers of this country, furnish clear proofs of the dangers of propaganda intended to promote the cause of one or the other belligerent within the confines of a neutral nation.

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President Wilson was much assailed for his appeal to the American people of August 18, 1914, in which he said:

> The people of the United States are drawn from many nations, and chiefly from the nations now at war. It is natural and inevitable that there should be the utmost variety of sympathy and desire among them with regard to the issues and circumstances of the conflict. Some will wish one nation, others another, to succeed in the momentous struggle. It will be easy to excite passion and difficult to allay it. Those responsible for exciting it will assume a heavy responsibility, responsibility for no less a thing than that the people of the United States whose love of their country and whose loyalty to its Government should unite them as Americans all, bound in honor and affection to think first of her and her interests, may be divided in camps of hostile opinion, hot against each other, involved in the war itself in impulse and opinion if not in action.
>
> Such divisions among us would be fatal to our peace of mind and might seriously stand in the way of the proper performance of our duty as the one great nation at peace, the one people holding itself ready to play a part of impartial mediation and speak the counsels of peace and accommodation, not as a partisan, but as a friend.
>
> I venture, therefore, my fellow countrymen, to speak a solemn word of warning to you against that deepest, most subtle, most essential breach of neutrality which may spring out of partisanship, out of passionately taking sides. The United States must be neutral in fact as well as in name during these days that are to try men's souls. We must be impartial in thought as well as action, must put a curb upon our sentiments as well as upon every transaction that might be construed as a preference of one party to the struggle before another.

The President was moved to issue this early appeal because of the rather blatant attempts by German sympathizers here at the very outset of the Great War to rouse this country against the Allies. (It is interesting to recall the much overlooked fact that his appeal was, at the time of its issue, highly praised by both Republican and Democratic papers of prominence in the East, though attacks made later on the President for the appeal were chiefly made by advocates of the Allied cause.)[1] The subsequent course of events in this country — the immoderate and illiberal attacks on the pro-Germans by the people of the East, and the equally illiberal attacks on the pro-Allies made by people in the Central West — proved how right the President had been

[1] It was forgotten from 1915 to 1917, and is now forgotten, that the date when President Wilson issued his appeal, August 18, 1914, was prior to the issue of the English "White Book" in this country, prior to the arrival of news of the alleged Belgian atrocities and the Bryce Report on the same, prior to any Zeppelin raid, prior to news of the "scrap of paper" conversation of the British Ambassador with Bethmann-Hollweg in Berlin, and prior to the devastation of Rheims Cathedral and Louvain Library.

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in his effort, and what dangerous discord was produced in this country by a disregard of his wise caution. Throughout the period of our neutrality, influential magazines and newspapers, as well as speeches of public men, continually inflamed the situation and endangered the position of the country as a neutral by not merely expressing their sympathy with the one side or the other (as was perfectly right and natural), but by indulging in harsh and violent criticism and denunciations of the belligerent Governments, countries, armies, and citizens with which they were not in accord. This not only excited animosities here but aroused hot resentments in the belligerent countries. It was certain to work estrangements; and, as Senator Stone, Chairman of the Senate Foreign Relations Committee, deplored, it "made free and cordial intercourse between this Government and the Governments of the nations at war more difficult and embarrassing."

In a future war, this unrestrained system of public attack here on one or the other of the belligerents will again be bound to excite animosities which will lead us straight into war, unless curbed or modified by ourselves or by our Government. Denmark in the Great War made it a penal offense for anyone publicly in writing or orally to "endeavor to incite the population against a belligerent." Such legislation in this country would be inadvisable because it appears too dangerously close to an infringement of the freedom of the press. The proper position for public men and the public press in a neutral country to take voluntarily and without compulsion was finely expressed in a circular issued by the Minister of Foreign Relations of Colombia, November 27, 1914:

> Not because the public authorities are the only personalities upon whom is incumbent the duty of showing neither favor nor hostility to belligerents, nor because impartiality can co-exist with sympathies or antipathies more or less definite, nor finally because the liberty of the press authorizes in practice all kinds of publications, ought one to admit as proper the possibility for the press to take no account of truth, courtesy and good will. Absolute liberty of the press does not nullify the duty here in question. . . . Sympathies and antipathies can be expressed in the reasonable form of truth, in the respectful form of courtesy, and in the Christian form of good will. It is no longer true to say that, once the Government has officially observed impartiality, associations, individuals, and the press can express themselves as they please; for we have seen that such an attitude may wound aliens domiciled in the country, occasion the hostility, with all its injurious consequences, of powerful governments, tarnish the good reputation of the country itself.

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If the citizens and press of the United States shall not choose to refrain from attacks on the one belligerent or the other, if they shall not deliberately curb their prejudices and their sympathies, then they must not be surprised if conditions are produced in this country which will make avoidance of implication in the war very difficult.

Such are the ways in which we can try to keep out of war. But we must be willing to pay the price, and above all we must not fool ourselves into the belief that the road will be an easy one. Neutrality alone will not keep us out. There are obligations which we must assume and there are rights which we must waive if we wish to attain our object. That lesson, our experience in the Great War should teach us.

The question then arises, however, whether, under such circumstances, the price of neutrality may not be too high; and whether neutrality, with such added burdens and concessions or surrender of rights, will not be too disagreeable a status for this country to assume. And thus the further question is at once presented: Should not the people of this country be led to give more serious, intense, and continuous consideration to joining with other nations in all practicable movements to prevent the occurrence of any war which would involve us in so difficult, so burdensome, and so disagreeable (even if not impossible) neutrality?

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# NATIONALISM AND ECONOMIC LIFE

*By Leon Trotsky*

ITALIAN fascism has proclaimed national "sacred egoism" as the sole creative factor. After reducing the history of humanity to national history, German fascism proceeded to reduce nation to race, and race to blood. Moreover, in those countries which politically have not risen — or rather, descended — to fascism, the problems of economy are more and more being forced into national frameworks. Not all of them have the courage to inscribe "autarchy" openly upon their banners. But everywhere policy is being directed toward as hermetic a segregation as possible of national life away from world economy. Only twenty years ago all the school books taught that the mightiest factor in producing wealth and culture is the world-wide division of labor, lodged in the natural and historic conditions of the development of mankind. Now it turns out that world exchange is the source of all misfortunes and all dangers. Homeward ho! Back to the national hearth! Not only must we correct the mistake of Admiral Perry, who blasted the breach in Japan's "autarchy," but a correction must also be made of the much bigger mistake of Christopher Columbus, which resulted in so immoderately extending the arena of human culture.

The enduring value of the nation, discovered by Mussolini and Hitler, is now set off against the false values of the nineteenth century: democracy and socialism. Here too we come into an irreconcilable contradiction with the old primers, and worse yet, with the irrefutable facts of history. Only vicious ignorance can draw a sharp contrast between the nation and liberal democracy. As a matter of fact, all the movements of liberation in modern history, beginning, say, with Holland's struggle for independence, had both a national and a democratic character. The awakening of the oppressed and dismembered nations, their struggle to unite their severed parts and to throw off the foreign yoke, would have been impossible without a struggle for political liberty. The French nation was consolidated in the storms and tempests of democratic revolution at the close of the eighteenth century. The Italian and German nations emerged from a series of wars and revolutions in the nineteenth century. The powerful development of the American nation, which had received its baptism of free-

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dom in its uprising in the eighteenth century, was finally guaranteed by the victory of the North over the South in the Civil War. Neither Mussolini nor Hitler is the discoverer of the nation. Patriotism in its modern sense — or more precisely its bourgeois sense — is the product of the nineteenth century. The national consciousness of the French people is perhaps the most conservative and the most stable of any; and to this very day it feeds from the springs of democratic traditions.

But the economic development of mankind which overthrew mediæval particularism did not stop within national boundaries. The growth of world exchange took place parallel with the formation of national economies. The tendency of this development — for advanced countries, at any rate — found its expression in the shift of the center of gravity from the domestic to the foreign market. The nineteenth century was marked by the fusion of the nation's fate with the fate of its economic life; but the basic tendency of our century is the growing contradiction between the nation and economic life. In Europe this contradiction has become intolerably acute.

The development of German capitalism was of the most dynamic character. In the middle of the nineteenth century the German people felt themselves stifled in the cages of several dozen feudal fatherlands. Less than four decades after the creation of the German Empire, German industry was suffocating within the framework of the national state. One of the main causes of the World War was the striving of German capital to break through into a wider arena. Hitler fought as a corporal in 1914–1918 not to unite the German nation but in the name of a supra-national imperialistic program that expressed itself in the famous formula "to organize Europe." Unified under the domination of German militarism Europe was to have become the drill-ground for a much bigger job — the organization of the entire planet.

But Germany was no exception. She only expressed in a more intense and aggressive form the tendency of every other national capitalist economy. The clash between these tendencies resulted in the war. The war, it is true, like all the grandiose upheavals of history, stirred up various historical questions and in passing gave the impulse to national revolutions in the more backward sections of Europe — Tsarist Russia and Austria-Hungary. But these were only the belated echoes of an epoch that had already passed

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away. Essentially the war was imperialist in character. With lethal and barbaric methods it attempted to solve a problem of progressive historic development — the problem of organizing economic life over the entire arena which had been prepared by the world-wide division of labor.

Needless to say, the war did not find the solution to this problem. On the contrary, it atomized Europe even more. It deepened the interdependence of Europe and America at the same time that it deepened the antagonism between them. It gave the impetus to the independent development of colonial countries and simultaneously sharpened the dependence of the metropolitan centers upon colonial markets. As a consequence of the war, all the contradictions of the past were aggravated. One could half-shut one's eyes to this during the first years after the war, when Europe, aided by America, was busy repairing its devastated economy from top to bottom. But to restore productive forces inevitably implied the reinvigorating of all those evils that had led to the war. The present crisis, in which are synthesized all the capitalist crises of the past, signifies above all the crisis of *national* economic life.

The League of Nations attempted to translate from the language of militarism into the language of diplomatic pacts the task which the war left unsolved. After Ludendorff had failed to "organize Europe" by the sword, Briand attempted to create "the United States of Europe" by means of sugary diplomatic eloquence. But the interminable series of political, economic, financial, tariff, and monetary conferences only unfolded the panorama of the bankruptcy of the ruling classes in face of the unpostponable and burning task of our epoch.

Theoretically this task may be formulated as follows: How may the economic unity of Europe be guaranteed, while preserving complete freedom of cultural development to the peoples living there? How may unified Europe be included within a coördinated world economy? The solution to this question can be reached not by deifying the nation, but on the contrary by completely liberating productive forces from the fetters imposed upon them by the national state. But the ruling classes of Europe, demoralized by the bankruptcy of military and diplomatic methods, approach the task today from the opposite end, that is, they attempt by force to subordinate economy to the outdated national state. The legend of the bed of Procrustes is being reproduced on a

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grand scale. Instead of clearing away a suitably large arena for the operations of modern technology, the rulers chop and slice the living organism of economy to pieces.

In a recent program speech Mussolini hailed the death of "economic liberalism," that is, of the reign of free competition. The idea itself is not new. The epoch of trusts, syndicates and cartels has long since relegated free competition to the back-yard. But trusts are even less reconcilable with restricted national markets than are the enterprises of liberal capitalism. Monopoly devoured competition in proportion as the world economy subordinated the national market. Economic liberalism and economic nationalism became outdated at the same time. Attempts to save economic life by inoculating it with virus from the corpse of nationalism result in blood poisoning which bears the name of fascism.

Mankind is impelled in its historic ascent by the urge to attain the greatest possible quantity of goods with the least expenditure of labor. This material foundation of cultural growth provides also the most profound criterion by which we may appraise social régimes and political programs. The law of the productivity of labor is of the same significance in the sphere of human society as the law of gravitation in the sphere of mechanics. The disappearance of outgrown social formations is but the manifestation of this cruel law that determined the victory of slavery over cannibalism, of serfdom over slavery, of hired labor over serfdom. The law of the productivity of labor finds its way not in a straight line but in a contradictory manner, by spurts and jerks, leaps and zigzags, surmounting on its way geographical, anthropological and social barriers. Whence so many "exceptions" in history, which are in reality only specific refractions of the "rule."

In the nineteenth century the struggle for the greatest productivity of labor took mainly the form of free competition, which maintained the dynamic equilibrium of capitalist economy through cyclical fluctuations. But precisely because of its progressive rôle competition has led to a monstrous concentration of trusts and syndicates, and this in turn has meant a concentration of economic and social contradictions. Free competition is like a chicken that hatched not a duckling but a crocodile. No wonder she cannot manage her offspring!

Economic liberalism has completely outlived its day. With less and less conviction its Mohegans appeal to the automatic inter-

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play of forces. New methods are needed to make skyscraper trusts correspond to human needs. There must be radical changes in the structure of society and economy. But new methods come into clash with old habits and, what is infinitely more important, with old interests. The law of the productivity of labor beats convulsively against barriers which it itself set up. This is what lies at the core of the grandiose crisis of the modern economic system.

Conservative politicians and theorists, taken unawares by the destructive tendencies of national and international economy, incline towards the conclusion that the overdevelopment of technology is the principal cause of present evils. It is difficult to imagine a more tragic paradox! A French politician and financier, Joseph Caillaux, sees salvation in artificial limitations on the process of mechanization. Thus the most enlightened representatives of the liberal doctrine suddenly draw inspiration from the sentiments of those ignorant workers of over a hundred years ago who smashed weaving looms. The progressive task of how to adapt the arena of economic and social relations to the new technology is turned upside down, and is made to seem a problem of how to restrain and cut down productive forces so as to fit them to the old national arena and to the old social relations. On both sides of the Atlantic no little mental energy is wasted on efforts to solve the fantastic problem of how to drive the crocodile back into the chicken egg. The ultra-modern economic nationalism is irrevocably doomed by its own reactionary character; it retards and lowers the productive forces of man.

The policies of a closed economy imply the artificial constriction of those branches of industry which are capable of fertilizing successfully the economy and culture of other countries. They also imply an artificial planting of those industries which lack favorable conditions for growth on national soil. The fiction of economic self-sufficiency thus causes tremendous overhead expenditures in two directions. Added to this is inflation. During the nineteenth century, gold as a universal measure of value became the foundation of all monetary systems worthy of the name. Departures from the gold standard tear world economy apart even more successfully than do tariff walls. Inflation, itself an expression of disordered internal relationships and of disordered economic ties between nations, intensifies the disorder and helps to turn it from a functional into an organic one. Thus the "na-

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tional" monetary system crowns the sinister work of economic nationalism.

The most intrepid representatives of this school console themselves with the prospect that the nation, while becoming poorer under a closed economy will become more "unified" (Hitler), and that as the importance of the world market declines the causes for external conflicts will also diminish. Such hopes only demonstrate that the doctrine of autarchy is both reactionary and utterly utopian. The fact is that the breeding places of nationalism also are the laboratories of terrific conflicts in the future; like a hungry tiger, imperialism has withdrawn into its own national lair to gather itself for a new leap.

Actually, theories about economic nationalism which seem to base themselves on the "eternal" laws of race show only how desperate the world crisis really is — a classic example of making a virtue of bitter need. Shivering on bare benches in some God-forsaken little station, the passengers of a wrecked train may stoically assure each other that creature comforts are corrupting to body and soul. But all of them are dreaming of a locomotive that would get them to a place where they could stretch their tired bodies between two clean sheets. The immediate concern of the business world in all countries is to hold out, to survive somehow, even if in a coma, on the hard bed of the national market. But all these involuntary stoics are longing for the powerful engine of a new world "conjuncture," a new economic phase.

Will it come? Predictions are rendered difficult, if not altogether impossible, by the present structural disturbance of the whole economic system. Old industrial cycles, like the heartbeats of a healthy body, had a stable rhythm. Since the war we no longer observe the orderly sequence of economic phases; the old heart skips beats. In addition, there is the policy of so-called "state capitalism." Driven on by restless interests and by social dangers, governments burst into the economic realm with emergency measures, the effects of which in most cases it cannot itself foresee. But even leaving aside the possibility of a new war that would upset for a long time the elemental work of economic forces as well as conscious attempts at planned control, we nevertheless can confidently foresee the turning point from the crisis and depression to a revival, whether or not the favorable symptoms present in England and to some degree in the United States prove later on to have been first swallows that did not bring the

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spring. The destructive work of the crisis must reach the point — if it has not already reached it — where impoverished mankind will need a new mass of goods. Chimneys will smoke, wheels will turn. And when the revival is sufficiently advanced, the business world will shake off its stupor, will promptly forget yesterday's lessons, and will contemptuously cast aside self-denying theories along with their authors.

But it would be the greatest delusion to hope that the scope of the impending revival will correspond to the depth of the present crisis. In childhood, in maturity, and in old age the heart beats at a different tempo. During capitalism's ascent successive crises had a fleeting character and the temporary decline in production was more than compensated at the next stage. Not so now. We have entered an epoch when the periods of economic revival are short-lived, while the periods of depression become deeper and deeper. The lean cows devour the fat cows without a trace and still continue to bellow with hunger.

All the capitalist states will be more aggressively impatient, then, as soon as the economic barometer begins to rise. The struggle for foreign markets will become unprecedentedly sharp. Pious notions about the advantages of autarchy will at once be cast aside, and sage plans for national harmony will be thrown in the waste-paper basket. This applies not only to German capitalism, with its explosive dynamics, or to the belated and greedy capitalism of Japan, but also to the capitalism of America, which still is powerful despite its new contradictions.

The United States represented the most perfect type of capitalist development. The relative equilibrium of its internal and seemingly inexhaustible market assured the United States a decided technical and economic preponderance over Europe. But its intervention in the World War was really an expression of the fact that its internal equilibrium was already disrupted. The changes introduced by the war into the American structure have in turn made entry into the world arena a life and death question for American capitalism. There is ample evidence that this entry must assume extremely dramatic forms.

The law of the productivity of labor is of decisive significance in the interrelations of America and Europe, and in general in determining the future place of the United States in the world. That highest form which the Yankees gave to the law of the productivity of labor is called conveyor, standard, or mass production.

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It would seem that the spot from which the lever of Archimedes was to turn the world over had been found. But the old planet refuses to be turned over. Everyone defends himself against everybody else, protecting himself by a customs wall and a hedge of bayonets. Europe buys no goods, pays no debts, and in addition arms itself. With five miserable divisions starved Japan seizes a whole country. The most advanced technique in the world suddenly seems impotent before obstacles basing themselves on a much lower technique. The law of the productivity of labor seems to lose its force.

But it only seems so. The basic law of human history must inevitably take revenge on derivative and secondary phenomena. Sooner or later American capitalism must open up ways for itself throughout the length and breadth of our entire planet. By what methods? By *all* methods. A high coefficient of productivity denotes also a high coefficient of destructive force. Am I preaching war? Not in the least. I am not preaching anything. I am only attempting to analyze the world situation and to draw conclusions from the laws of economic mechanics. There is nothing worse than the sort of mental cowardice which turns its back on facts and tendencies when they contradict ideals or prejudices.

Only in the historic framework of world development can we assign fascism its proper place. It contains nothing creative, nothing independent. Its historic mission is to reduce to an absurdity the theory and practice of the economic impasse.

In its day democratic nationalism led mankind forward. Even now, it is still capable of playing a progressive rôle in the colonial countries of the East. But decadent fascist nationalism, preparing volcanic explosions and grandiose clashes in the world arena, bears nothing except ruin. All our experiences on this score during the last twenty-five or thirty years will seem only an idyllic overture compared to the music of hell that is impending. And this time it is not a temporary economic decline which is involved but complete economic devastation and the destruction of our entire culture, in the event that toiling and thinking humanity proves incapable of grasping in time the reins of its own productive forces and of organizing those forces correctly on a European and a world scale.

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# NATIONALISM AND AMERICAN TRADE

*By Whitney H. Shepardson*

"SO THINGS are getting back to a wholesome state again," wrote Canning in 1823. "Every nation for itself and God for us all. The time for Areopagus and the like of that is gone by." Canning called the turn correctly. The pious aspirations of the Tsar of Russia — "this Holy Alliance" — had been treated by Metternich as a "loud-sounding nothing," by Castlereagh as a "piece of sublime mysticism and nonsense." Even that other pact, the Grand Alliance itself, specific in its obligations and definite in its aim to keep the peace and maintain kings on their thrones, could not withstand the marchings of many little men. First in the Americas, as Canning boasted, then in Spain, Greece, Italy, France, Germany, a new nationalism, democratic in spirit, sprang into being to redress the balance of the old.

A hundred years later, in 1918, the time for Areopagus and the like of that rolled around once more. Again there had been a general war and again there was a peace. For the next fifteen years states tried to solve their common problems by common action, through the machinery of the League of Nations, through the process of conference at Washington, Locarno, Paris, Lausanne, Stresa, Rome, Geneva and London. But at the close of 1933 the terms of the Washington naval agreements were being edged upwards, the hopeful professions of Locarno had become a mockery, the Pact of Paris was scattered for hare and hounds on the Manchurian plain, the reparations settlement at Lausanne hung upon the uncertain action of the United States regarding war debts, the economic program worked out at Stresa had been violated in every quarter, Mussolini had given up trying to find a new framework for peace, the Disarmament Conference had petered out and the World Economic Conference had died at its birth. "During the Nineteen Twenties," writes Owen Young, "I held the conviction that the world was to experience a period of great international coöperation in every field. . . . Looking at the world today, one wonders." Perhaps the conventions of our Western civilization do not permit us to be more pessimistic than that. But Tarchin Baboo, of Kalimpong, Tibet, has no such inhibitions. Editing the one and only newspaper of that very

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detached country, he calls it "The Mirror of the New Vicissitudes of Every Corner of this Universe."

It has recently become the vogue to say that the régime of internationalism is over. The statement is certainly ambiguous, and quite possibly foolish as well; for as soon as one has attached a precise meaning to the word "internationalism" one finds that, as a régime, it never came into being at all. The expression signifies something more than action in common by governments, for governments have acted in common for centuries, sometimes for peaceful ends, more often to wage war. During the years 1918–1933 joint action was a familiar phenomenon; and, in fact, on the very instant when the World Economic Conference expired and word went round that "internationalism" was finished for good and all, joint action secured an inter-governmental wheat agreement and a similar agreement on silver. What did die, still-born, was the illusion that within this generation separate governments might surrender certain sovereign powers to a superstate, that this organism would police the world to prevent war and to punish the infraction of peace, and that certain national groups might sacrifice some part of their higher standard of living in order that other groups of people could be benefited. This was, and is, the essence of internationalism. One may regret its eclipse, or rejoice at it—or merely note it. In any event, and in spite of Senator Borah, the ideal ("the idol" as Dean Donham calls it) is not ignoble, and it is entitled to as much or as little consideration as one wishes to pay to the teachings of Jesus Christ, of which it is obviously the political extension. A passage from Arnold Toynbee's "Survey of International Affairs" tells that side of the story in fitting prose:

> The living generation, like Peter at Joppa, was seeing in a trance the vision of a great sheet let down from Heaven by four corners, which contained all the abundance of Physical Nature; and, like Peter, this generation was hearing a voice that seemed to invite them to take their fill. Would they answer, as Peter had answered, that they would rather reject God's bounty than renounce, as the price of receiving it, those cherished barriers of caste and race by which they loved to divide themselves from their brothers? In 1932 the final, irrevocable answer was perhaps not yet declared; but the magic sheet had now been let down the traditional three times, and it was manifest that, if it were rejected once again, it might be drawn up this time for ever into Heaven.

It would be hard to say when, if at all, an irrevocable answer was given; but in any event the vision has disappeared and the

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world seems to have gone nationalistic. In its political aspect the new spirit shows itself in Japan's self-confident expansion by force of arms on the Asiatic continent and in the violent convulsions through which Nazi Germany is achieving its own conception of unity and power. In its economic aspect the manifestations of nationalism are legion and they are everywhere: they are in the Soviet régime, in the American experiment, in the Fascist state. They are seen in the tariffs which have lately been raised up in every quarter of the globe to protect home industries and to preserve the exchange value of home currencies. They are seen in the deliberate debasement of monetary standards, in the use of subsidies to stimulate exports, in the limitation of imports by quota, and in the repudiation of national obligations as coolly as if you were whistling down the wind. Finally, the whole difficult situation is embittered by charges of dishonest trade practice and by official acts of retaliation.

II

These are days of disillusionment. John Maynard Keynes, in a noteworthy article in the *Yale Review*, turns his back on the old order of international capitalism. "It is not intelligent, it is not beautiful, it is not just, it is not virtuous — and it doesn't deliver the goods." He lines up with Dean Donham of the Harvard Business School, Samuel Crowther of the *Saturday Evening Post*, Stuart Chase and Lawrence Dennis, as an advocate of self-sufficiency. Now whether or not autarchy, Sinn Fein, self-sufficiency (by whatever name you call it) can "deliver the goods" is a question in itself: but how anyone, looking about him today, can suggest that autarchy wears intelligence, beauty, justice and virtue upon its countenance is beyond human comprehension. A true state of complete isolation, if it were attainable, might be a happy one, especially for publicists. They would no longer be expected, even by women, to know about the Ogpu and the Gran Chaco, Mustapha Kemal and the Aaland Islands, inflation, deflation and the modified gold standard. It would be a relief in this happy valley to take the air beneath the orange bower like the old worthy in *Candide*, and reply as he did: "I do not know and I have not known the name of any Mufti, nor of any Vizier. I am entirely ignorant of the event you mention. I presume in general that they who meddle with the administration of public affairs die miserably, and that they deserve it; but I never trouble

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my head about what is happening at Constantinople." Perhaps the ideal self-sufficient state will offer this priceless boon; if it does, there will be no difficulty in recruiting labor to erect Stuart Chase's chromium steel wall one mile high around it. In the meantime on the way to becoming self-sufficient, your realistic autarchist is talking turkey to the Japanese about their inroad on the world markets, saying with J. L. Garvin of the London *Observer:* "We cannot allow the livelihood of British labor to be sacrificed either to the virtues or the vices of a rival. Mr. Runciman made reference in the House of Commons to negotiations in progress. But we have found that an ounce of retaliation is equal to a pound of negotiation in these matters."

In Dean Donham's view, "the road to freedom from world wars and to prosperity lies in working out most problems at home. In this way we may reduce the necessity of international coöperation to a minimum within the capacity of human nature and remove most sources of friction." It is a piece of paradox to argue that international coöperation makes for bitterness; and the Dean, of course, is aware of it. But the paradox is not a sound one. International conferences have engendered high hopes, and most of those hopes have been snuffed out: but it is by no means clear that the world is worse for the effort, nor that the disclosure of hostile points of view has intensified the hostility. It was not in the atmosphere of international coöperation that the massacres of 1914–1918 began: and the war tension of today feeds on the air of autarchy. To admit the failure of international effort to prevent war is one thing: to assert that the effort is the cause of war is another thing. And the second thing is palpably false. It is further argued that competition for international markets leads to war, and that the United States should abandon the struggle, surrender the questionable advantages which she now possesses and leave the field to England, France, Germany and Japan. Assuming that the United States could first become self-sufficient by annexing sources of coffee, rubber, tin, mica, manganese, sugar and tungsten, or by developing some of them, it would then be unnecessary for us to do any further annexing: in fact, the position of the United States is singularly favorable in this respect. Our foreign export trade could be abandoned, after vast dislocations to be sure, but probably without destroying the republic. On the other hand, this policy would call for a deliberate sacrifice of agricultural and industrial interests in foreign trade

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for the sake of avoiding war, and it is highly improbable that a people till now unwilling even to adhere to the World Court in the interest of international peace, would voluntarily forego markets and profits — however fickle they may be — for the sake of avoiding commercial rivalry. It is not the American's habit to leave his car in the garage for fear he may run into somebody if he takes it out on the road. Nor is it anybody else's habit.

Carried to its logical conclusion, the doctrine of self-sufficiency for the United States involves the complete elimination of our foreign trade; first, to avoid that international commercial competition which is said to breed war; second, to make sure that if war should come in spite of our self-denying policy, we shall not be dependent upon a single foreign source for anything required either for military operations or for the maintenance of our civilian population; and third, to protect, in peace and in war, that delicately balanced national economy which we are now trying to build — that equilibrium between agriculture and industry, capital and labor, producer and consumer — insulating it from shocks caused by wars elsewhere, exchange fluctuations, speculative overproduction, surplus dumping, foreign tariffs and those disparities in the cost of production which exist among the different nations of the world. All this can be done. Japan did it up to the time of Commodore Perry's visit in 1853. A simple Act of Congress could accomplish the end in view; or if that course is not practicable we can arrive at the same result by merely sitting in the middle of the waterspout and letting prevailing governmental policies carry us to the bottom of the spiral. As a writer in the *Economist* puts it: "The successive moves in the game and the inevitable stalemate at the end are now painfully familiar to us all: exchange depreciation; export bounty; anti-dumping duties abroad; retaliatory duties at home; quotas, prohibitions and subsidies; and finally, to the perfect content of all protectionists' hearts, trade balanced at zero."

The United States, with other nations, might have embraced internationalism, at a price — the pooling of sovereignties and the levelling off of standards of living. For the more powerful and more prosperous nations the choice was never a living one: internationalism was an illusion. The United States can now attain self-sufficient isolation (not a "certain degree" of self-sufficiency, nor a "considerable measure" of it, but the real thing) at a price. The minimum cost to us would be as follows: the government

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would give up the interest and principal of the war debts. The private investor would relinquish the greater part of the present and potential value of his foreign securities. The housewife would have to find substitutes for tea, coffee, chocolate, tropical products and certain food luxuries. The state would have to subsidize the production of sugar, synthetic rubber and manganese to keep prices within bounds. Tin, mercury, mica, tungsten and copra would be imported (for a period): but their commercial use would be forbidden, since they would have to be conserved as war stocks. The shipping industry would collapse. The railroads would lose the traffic they now carry to the ports: commercial banks and middlemen would lose the business they are doing on goods for export; the motor industry and its related units would be restricted with resulting unemployment: the manufacturer of capital goods and producers' goods would be limited to replenishment orders for the local market. Copper and oil producers would either have to cut to the amount required for local consumption, or else the accumulating surplus would suffocate their business. Some two million American families, dependent in normal times on industrial export production would have to quit their work; but they could not go into farming, because at the same moment 40,000,000 acres of cultivable land would have to be removed from production and the families who subsist on those acres would have to leave them, though obviously they could not go into industry. This would be the minimum cost of making the United States self-sufficient. To use Mr. Keynes' phrase, this "doesn't deliver the goods" either; and any notion that the people of the United States would pay the price or that the government would exact it is just one more illusion.

The advocates of self-sufficiency do not go to this extreme. Keynes' article, being primarily a disavowal of his former free-trade faith, does not lay down a program. Crowther would apparently admit certain commodities needed for warfare plus certain other goods pending their production in the United States; also, noting that payment of foreign debts, in the main, can only be made by the shipment of goods to us, he would make import concessions to square this account. One gathers that Dean Donham would permit the importation of commodities which can not now be produced here. He would admit luxuries and specialties; he would let other goods come in if they would not disturb the stability of any important social group. But in spite of these excep-

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tions, the trend of all arguments is toward restricting foreign trade. Keynes writes: "Ideas, knowledge, science, hospitality, travel, these should be international. But let goods be homespun." Donham entitles his paper "National Ideals and International Idols," and Crowther calls his book "America Self-Contained."

III

During recent months, however, certain forces have been working against this trend, both in the United States and in other countries. First of all there has been a substantial recovery in world production and world employment. The fact and measure of this recovery were summarized in October in the Loveday report rendered to the League, and were amplified in December by a statement made by Mr. H. B. Butler, Director of the International Labor Office at Geneva. Secondly, while improvement has been mainly felt in the home trade of the reporting countries, the January *Bulletin of Statistics* of the Economic Intelligence Service of the League contains significant figures regarding the state of world commerce. With the gold dollar value of world trade in 1929 taken as equal to 100, the average figures fell to 80.8 in 1930, to 57.7 in 1931, to 39.0 in 1932. The low point was reached in April 1933 at 32.5 percent of the 1929 norm. From this low point in April the figure advanced to 36.6 in November, indicating that for the present the decline has been arrested, and suggesting the possibility of a cyclical upturn. Lastly there has been a change from the psychology of despair and defeatism to that of hope and determination in the principal industrial countries, excepting France. The recovery is marked in Great Britain and the accompanying spirit is vigorously voiced by Garvin: "In 1933 we have done it. Amongst exporting nations we have recovered first place which we seemed to have lost forever. In this age of super-competition it will take us all our time to maintain that primacy magnificently recovered. We can hold it beyond doubt if the mass of the country can be made to understand that all sporting competition is thrown into the shade by this kindling fight to hold the greatest of all 'records' in the sphere of world commerce."

In the United States there has been such intense and anxious preoccupation with our domestic program that the external relations of this country seem to have been shelved while the domestic crisis is being worked out. But, in fact, it is little short

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of amazing what the Roosevelt administration has accomplished in political and economic relations with other countries during the past six months, proceeding, not upon nationalist principles, but in the spirit of international comity. The wheat agreement and the silver agreement may prove to be short-lived in their influence, but they were brought into being by give and take. The recognition of Russia closed an old breach and promises some increase in trade. The "token" payments by Great Britain on debt account were received by the President with courteous expressions of personal good-will. Unexpectedly strong and concrete support was given by the White House to Mr. Norman Davis in his final efforts to bring about a disarmament agreement. Notice that the American fleet would be withdrawn from Pacific to Atlantic waters was a dramatic sign of friendly intentions, and the cordial reference which the President made to the League of Nations on the anniversary of Woodrow Wilson's birthday was a gratuitous effort to give that institution its due.

In matters relating to the Central and South American republics the policy of the Roosevelt administration has been cordial in the extreme. American troops will be withdrawn from Haiti before the end of 1934. The State Department, joining with the governments of Costa Rica, Nicaragua, Honduras, and Guatemala, has recognized the Martinez government of Salvador after a delay of more than two years. At the outset of Cuba's civil troubles President Roosevelt consulted with diplomatic representatives of the principal Latin American powers, and at all stages of that difficult development the steps taken by Washington seem to have been suggested by rare intuitive judgment. Conversations with the new Cuban government looking toward the increase of their sugar import quota and to the possible abrogation of the Platt Amendment, coupled with the loan of $10,000,000 in the form of emergency food and clothing, all give practical meaning to the intention of the United States government to act as a "good neighbor." When with the cordial approval of Washington, a League of Nations Commission arrived in Leticia to arbitrate the dispute between Colombia and Peru, the Monroe Doctrine was modified, if not in letter, then in spirit: and the fact that it flew a flag, "a white rectangle with the inscription in dark blue — 'League of Nations Commission, Leticia'" was not resented by Congress. On December 28, at the close of the Pan-American Conference, President Roosevelt laid the basis for

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such solidarity between the American republics as has not existed since the days of Monroe. He declared that "the definite policy of the United States from now on is one opposed to armed intervention" involving "the occupation of the territory of other republics even as a temporary measure." And to this he added: "The maintenance of constitutional government in other nations is not a constitutional obligation devolving upon the United States alone. It is only if and when the failure of the orderly processes affects the other nations of the Continent that it becomes their concern; and the point to stress is that it becomes the joint concern of the whole continent in which we are neighbors."

In the atmosphere created by this acceptable change of political front on the part of the United States, a reciprocal trade agreement has been made with Colombia. The Department of State undertakes that internal taxes affecting interstate or federal commerce, so far as they are subject to federal control, will not be increased; and the Colombian government, after making the same engagement, agrees to reduce duties on certain articles and not to increase them on others. Similar reciprocal contracts with Argentina and Brazil are under discussion. Thanks to the power delegated to President Roosevelt by Congress, he has arranged favorable treatment for American imports with England and France in exchange for licenses to export stated amounts of alcoholic beverages to the United States; and while their effect upon the volume of our exports is not great, they are encouraging examples of the advantage to be gained by bilateral agreements. "I have the feeling," wrote Secretary Wallace three months ago, "that a changed attitude toward world trade in this country, when and if it comes, will come much more quickly than anyone now anticipates."[1] Certainly the President, in his conduct of foreign affairs, has given a long lead in this direction.

IV

The platform on which Mr. Roosevelt was elected to the Presidency in 1932 promised a reduction in tariffs. Before the World Economic Conference, at the instance of this government, an agreement was made not to increase tariff schedules for a limited period of time, pending the outcome of the Conference. At Montevideo in December, Mr. Cordell Hull proposed "that a general understanding among all important countries should at

[1] "American Agriculture and World Markets," FOREIGN AFFAIRS, January, 1934, p. 230.

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the earliest possible date be brought about in concert for the elimination of the more useless and hurtful trade barriers and for the reduction of tariffs in accordance with a moderate policy." He outlined "two important methods of carrying such a policy into effect. The first would be by the immediate adoption of the policy of bilateral reciprocating commercial treaties based on mutual concessions to be entered into by nations of this hemisphere among themselves and other nations as well: and the second by proposed understanding with other important countries that we and they proceed simultaneously to bring down these trade barriers to a level dictated by a moderate tariff policy." Secretary Hull's program was unanimously approved with the understanding that it should be held in abeyance during the emergency period of domestic recovery programs, but put into effect as soon as practicable thereafter. Subsequently President Roosevelt in his Message to Congress observed that the United States must import more goods in the future than in the past if it hoped to retain foreign markets, and added, "all of us are seeking the restoration of commerce in ways which will preclude the building up of large favorable trade balances by any one nation at the expense of trade debits on the part of other nations."

The policy of the Administration is clear, but the difficulties of making a complete and logical plan, of getting it accepted by Congress, and of providing the machinery by which it can be carried out are so great as to seem at times insurmountable. For it follows from the President's statement of policy that when any country, such as the United States, already has a large "favorable" balance of trade, either its imports must be increased or its exports reduced, or both. There are, of course, several ways to increase the total of the items that appear as "imports" on the international books. Americans could spend more money traveling abroad than they now do; people living in the United States could make larger remittances to relatives abroad; or foreign shipping, insurance and financial companies could receive a windfall in the shape of more business from American houses. None of these items however seem likely to increase to any important extent in the near future. Visible imports increase of course as general conditions improve; but any material increase is almost invariably offset by additions to exports; thus the only important way in which the trade unbalance can be rectified is by lower-

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ing all tariffs generally or by lowering certain schedules to the point at which foreign goods in very substantial volume can compete with and supplant goods of American make in the domestic market.

There seems to be general agreement that if private foreign debts owned in the United States are to be serviced, and if surplus domestic stocks of cotton, wheat, tobacco and packing house products are to be sold abroad, this country will have to admit at least a billion dollars' worth more foreign goods than it imported in 1929. There, as ever in the history of the United States, is the rub: and the mere mention of the principle, to say nothing of the amount involved, is enough to call down the wrath of industry. On the other hand, the present lop-sidedness of our trade can be corrected by limiting the production of certain commodities in order to avoid an export surplus. This drastic action has not been suggested with respect to industrial output: but the Secretary of Agriculture, perhaps on the theory that a lowering of tariff barriers would have that effect, has suggested the possibility of reducing productive agricultural acreage by 20,000,000 acres, and permitting the importation of foreign goods in the amount of half a billion dollars more value than were imported in 1929.

So far, the United States government has taken no steps of a permanent nature along either line — of limiting agricultural production for export or of admitting imports by lowering tariff walls. Current crop reduction programs have been adopted in order to raise the price of agricultural products by limiting the supply and working off surplus stocks. Current negotiations looking to the admission of alcoholic beverages are frankly of a temporary character; as cotton is being limited to correct a surplus, so whiskey is being admitted to correct a shortage. To extend either or both of these policies beyond the time and circumstances of the emergency they are designed to correct, would inaugurate a major political battle. What a tariff fight can be, we all know: and the recent informal suggestion from Washington that, for the next crop, farmers might have to obtain licenses for output rather than premiums for reduction of acreage, has raised a hornet's nest in the wheat belt. The government's program to retire marginal lands from cultivation is, of course, another matter. It is a program for clearing what Secretary Wallace has called "the rural slums." But the occupants of these miserable acres must go somewhere — either into industry which already owes

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work to some eight million men out of a job, or into the ranks of the unemployed, or into farming again under favorable physical conditions. The first prospect is formidable, the second is distressing, the third is attractive in itself, but it complicates rather than simplifies the problem of surplus agricultural production.

It is understood that two comprehensive plans to further foreign trade have been laid before the President. Neither document has been made public: but the *New York Times* of January 4 carried an account of recommendations made by Mr. George N. Peek involving the creation of a new government corporation to "find outlets for this country's surplus products, at the same time arranging with importers for larger purchases of products of countries providing the outlets." It has been suggested that such a semi-public company, operating under the President's authority, and free from the delays of departmental action and the uncertainties of Congress, could expedite special trade arrangements. But what the scheme is, and whether it might encounter political obstacles, is still impossible to say. In any event, the life of the corporation would probably be limited to the present emergency, with perhaps two years in which to function; and being "opportunist" in character, would probably neither act upon the basis of a permanent national program nor devise one.

The second plan on the President's desk proceeds from the Executive Commercial Policy Committee, composed of officials from the Departments of State, Treasury, Commerce and Agriculture, the A.A.A., the N.R.A., and the Tariff Commission. In this case also there is no satisfactory information available, but the *New York Herald-Tribune* of January 14 describes a draft which is said to have been considered by the Committee in reaching its conclusions. American industries are divided into six groups on the basis of their social and economic values. "Starting with the top grade and working slowly downward," says this account, "commodities would be selected for which foreign markets would be sought. Then starting from the bottom and working upwards, domestic markets would be selected and offered to each nation according to its interests as an inducement to take more of the American products agreed upon." The plan is ingenious and the groupings seem to have been drawn up with great care: but whether this draft was materially modified before it went up to the President is not known; nor whether he is in accord with the program; nor whether Congress would delegate the

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necessary powers to the Executive. Tariff history leaves this last large question in grave doubt.

With the approval of the President and with funds supplied by the Rockefeller Foundation an independent group has been formed under the chairmanship of President Hutchins of Chicago to examine international tariffs and loans, capital movements and monetary systems. The Chairman says: "What it hopes to do is twofold: to frame a practical program, recommending to the people policies which the country may adopt; and to help educate the people, along with ourselves, regarding a working program for the solution of these problems." Hearings are to be held soon, and it is hoped that a report will be rendered in October. The task, of course, is colossal: but the committee is of first quality. Some of the questions which come to mind indicate the difficulty of formulating a comprehensive national program for international trade relations: What time shall be fixed for the run of the program — five years, ten years or a generation? Is another general war to be presumed in the meantime? Are we to have an independent central banking system or one dominated by political forces? What estimate of population growth shall be chosen? Which of the present recovery and reform measures may be expected to outlive the emergency? What is the probable future for old age, sickness and unemployment insurance in the United States? It would seem that some estimate would have to be made of the rate at which rayon may be expected to supplant cotton and silk, here and abroad and the rate at which African copper may be expected to oust American copper in the foreign markets. All these elements are both vital and conjectural. A presumption will have to be made as to whether the world will return to the gold standard or pass on to some other medium of domestic and international exchange, and conclusions will be affected by the opinion of the Committee as to whether the budget of the United States will be in true balance or not by 1936. The task seems almost superhuman: but there is great need for such a survey if we are trying to formulate permanent national policies for international trade.

## V

Lacking such a plan today, certain steps might be taken which would help at this stage of recovery without injuring the longer program.

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It seems to be agreed that exchange ratios between the dollar, the pound and the franc must be stabilized before lasting improvement in foreign commerce can take place. There seems to be an almost equally strong opinion that stabilization must be based upon the gold standard, modified perhaps, but not in such a way as to destroy its function as the medium of international exchange and trade. Stabilization is surely the first step.

It might then be advantageous to declare a moratorium on all war debt payments, whether on interest or principal account, for a period of five years. We know that an agreement to scale them down cannot now be reached, since any figure acceptable to us would be unacceptable to our debtors. To press the case would result in total default. Our net proceeds would be nil, and though there would be an orgy of resentment on both sides of the Atlantic for a period, a default in these circumstances would carry no stigma and would not affect the financial credit of the defaulting countries one jot. On the other hand, a five year moratorium would provide a powerful stimulus to world recovery. If recovery should continue, the way would be open to reach a mutually agreeable settlement; if recovery should collapse we would be no worse off with respect to the debts than we are today.

Study might be made of the advisability of purchasing and storing stocks of key minerals required in time of war, which are not available in the United States, or not available in sufficient quantity. Government expenditure for this purpose would create purchasing power in the countries exporting minerals to us, and would provide markets for American exports to be designated in bilateral trade agreements. Perhaps the presence of such stocks on American territory would relieve the emotional nationalist of some of his fears.

It would seem desirable to conclude trade arrangements with Soviet Russia, advancing credits, if need be, in such form as will distribute the risk of loss between the United States Government and the exporting manufacturers. According to a recent statement by Stalin, the external commercial debts of Russia stood at 1,400 million rubles two years ago: they are at 450 million rubles today, and preparations have been made to pay off the greater part of the outstanding balance by the end of this year. Their gold reserve stood at 180,000,000 rubles in 1929: in September 1932 it amounted to 700,000,000 rubles, and it is

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said that every commercial account with the Russian authorities since the Soviet régime was established has been paid on due date or has been anticipated.

As in the case of Russia, the United States Government might assist in promoting the export of producers' goods to South American countries. The trade of the world has been chiefly between the great industrial states: in the pre-war period fifty percent of the world's commerce was shared between the United States and four other nations. To assist certain South American countries to manufacture what they now import from us, looks, at first blush, like a shortsighted policy, but it is one which in other cases has proved advantageous in the long run.

Whatever the permanent program may be, it seems necessary to continue the reduction of cultivable acreage, particularly wheat land. At present the American grower is handicapped by domestic surplus stocks of 360,000,000 bushels, which, even at the current rate of acreage reduction, cannot be absorbed in less than two or three years' time. His prospects for sales abroad are not bright. In England, Germany, France and Italy domestic production is being stimulated by import quotas, subsidies and the low cost of fertilizer. Russia stands at the door of the world's market with a huge potential export surplus. Whatever the future policy of the United States may be in foreign trade matters, the outlook for the export of American wheat looks unpromising, and the government can ease the decline by campaigns for crop diversification, by education of the local banker who could influence the nature and quantity of wheat production, and by continuing the crop reduction program.

Finally, it would appear desirable to rally representatives of those American interests which enjoy trade relations with Canada. The amiable assumption that we can take the good will of Canada for granted does no credit to either our intelligence or our sensibilities. Part of our vast market has been lost through the Ottawa agreements; but a considerable trade remains, and it is capable of development. Our casual attitude toward that nearest of all countries, that second best of all markets, that closest of all people, has been misinterpreted across the border, and it is time we met Canadians halfway to establish for perhaps the first time in our history a relationship of mutual concession and mutual advantage.

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# DICTATORSHIP OF THE MIND

*By Heinrich Mann*

CONTROLLED economy has become familiar almost everywhere, but controlled thought is an innovation of the new dictatorships. The German dictatorship is perhaps unique in claiming nothing less than complete control over the whole intellectual and spiritual life of the nation. By comparison, thought and conscience are relatively free in Soviet Russia and in Fascist Italy; in fact, in these countries German writers can publish works which are suppressed in Germany on the grounds that they are liberal.

Controlled economy has proved to be too difficult a task for the Hitler dictatorship. It has gone back on its program of economic socialization, and its Four Year Plan remains only a promise. Despite subterfuges, there can no longer be doubt that nothing has been done for the middle classes. The only beneficiaries of the present gamble with the destinies of Germany, besides the members of the National Socialist Party, are the big industrialists, who gain by the strangling of the labor unions and who scent fresh profits in armaments. American democracy has established a greater degree of controlled economy than the boasted *totalitätsstaat*, which actually has reverted to a laissez-faire economy of eighty years ago.

The régime tries to make up for its impotence in economic matters by ceaseless interference in the intellectual and moral realm. It will tolerate neither opposition nor neutrality. Thought must be either National Socialist or it must not be; consequently it is the former, because it is easier to control men's minds than their interests. It is a regrettable fact that people living modestly by their talents or their brains can be brought into subjection much more easily than the monied classes. Great consideration has been shown to the latter in Germany, even when they happen to be Jews. The great department stores, which were to have been utterly destroyed, are still open and full of customers, and the Jewish owners no longer take the trouble to conceal their identities behind men of straw. Even the Ullsteins have succeeded in retaining part control of their publishing house, which is the most important in Germany. One of the directors of a large bank chose the moment when his co-religionists were being most

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outrageously persecuted to declare that he had never been molested. A banker descended from a Jewish family which has been distinguished for two hundred years has had himself declared an "Aryan."

However, if Einstein were rash enough to return to Germany he could not count on such polite attentions. After all, he would be of no help in provisioning Germany for the next war. His personal fortune was slight and what there was has long since been confiscated. That method was obviously the most effective to adopt against intellectuals: their money was not protected by the chemical trusts and other groups of national importance. So we who live by our pens were promptly relieved of our bank accounts. Wishing to strike at liberty of thought, the authorities imagined that it was intimately bound up with the liberty to draw checks. They made a great mistake. The scholars who were driven from the universities and the writers who were threatened with being put in concentration camps did not come begging for mercy to those who were, temporarily, their masters. They accepted their lot, which was to suffer or to disappear. Many suicides occurred amongst the intellectuals, but they were mostly discreet, in the best of taste, not at all ostentatious. In taking leave of an existence which had lost all meaning for them they were acting in just the same way as did those others to whom political or material ruin meant more than the will to live.

Of the professors and publicists sent to concentration camps, some were deliberate martyrs, others could not believe that they would be arrested simply because they had discharged their routine duties under the republican régime. They had not counted on being accused of corruption merely because they had eaten the bread of the Republic. A certain actor who was very popular with radio audiences was punished for his popularity by six months' detention in one of the harshest camps. His mistake was in not having realized that popularity is an unpardonable crime in the eyes of the master minds who have monopolized, for their own ends and to their own advantage, every channel of publicity. It would have been wiser for him to go abroad. But he happened to be a sincere Protestant; he consulted only his conscience, and it had nothing with which to reproach him. Another prisoner, who even under the previous régime had paid dearly for his uncompromising pacifism, refused to seek safety in flight. Maybe he wished to set an example, in the hope of arousing the public

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conscience. But the list of victims was too long for his sufferings to have that result. Once a certain degree of violence has been reached and a sufficient number of atrocities have been committed, our sensibilities are dulled; we forget. People admit the facts, but no longer judge them, since somehow or other they must live alongside those who are responsible for them. This particular victim will continue his futile martyrdom long after his very existence is forgotten.

Most of the intellectuals considered undesirable in Germany have neither chosen to die nor accepted the kind of life which their enemies had in store for them. They emigrated, and that in itself was bad enough. They now are undergoing the fate of all emigrés, which is not only poverty and loneliness, but lack of moral consideration. The average man has little respect for those whose cause has failed, and who thereby are transformed from influential personalities into simple refugees. Moreover, the public is confused by the variegated crowd of refugees, many of whom, of course, find themselves where they are for reasons that have no connection with matters of principle. We must set to work to redeem our position by acting with complete sincerity and by not complaining too much. We are not too unfortunate. We retain one right, more precious than any other, the right to express our ideas freely. Our fellow-countrymen in Germany have forfeited that right, and it is not even certain that they would now know how to exercise it. One cannot submit with impunity to the system of controlled thought.

If some are emigrés in spite of themselves, often with little to recommend them, there also are others who left the country without being forced to do so. They are acknowledged "Aryans," war veterans, scholars and writers on the conservative side. They revolted against the suppression of freedom of thought. Too proud to take over the posts of persecuted colleagues, they followed them into exile, and their exodus continues. Every now and then some distinguished German professor leaves Germany to teach abroad, perhaps in a language which he has to learn for the purpose. Make no mistake, these departures are so many protests against the present régime. In extreme circumstances like the present, every act of the sort is a manifesto. The Nazis flattered themselves that they had in their favor one great poet, just one, whose mystic evocations seemed to justify the advent of the Third Reich. Once this Reich was established the poet

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refused to recognize it in word or deed. He left the country, died abroad and, in accordance with his wishes, was buried in foreign ground.

Anyone capable of moral humiliation would be discouraged by rebuffs of this kind, but they slide off the backs of people who are entirely preoccupied with the business of protecting their physical rule. Never have human beings been so deeply convinced of the single virtue of material facts. To them a nation is a race, determined zoölogically, which can be modified at will by sterilization, outlawry, and other coercive measures. Similarly, thought becomes materialized in their hands and is simply a mechanism conveniently placed at the disposal of the strongest. Only official truths are admitted, and only such creative work as happens to serve the purpose of the authorities. Everything in the arts and sciences which contradicts or goes beyond the National Socialist doctrine is looked upon as non-existent, simply by reason of the fact that the artists and thinkers concerned have left Germany. Having eliminated all opposition, the government is far from regretting the loss of eminent personalities which added to the permanent glory of the country. It is delighted to have to deal only with minds which are timid, with talents so mediocre that they can easily be directed. The method of selection is to ask all artists and writers to reply in writing to the two essential questions: Are you Aryan? Do you undertake to support the national government with all your strength? Anyone who refuses to sign immediately loses his public; there is no longer any audience in Germany to which he can address himself. The irreconcilables have been eliminated in advance; there remain only the weak and the mediocre to be dealt with, not to mention the shrewd who, after having made their way in a free régime are quite prepared to profit from the methods of a dictatorship.

Having drawn up a list of the talents remaining available to them, the government then turned to the great problem of organizing them, hoping by lumping them into a mass to make up for the lack of individual distinction. As president of the Musical Union they even got Richard Strauss; and a former favorite of the German Republic, Gerhart Hauptmann, decided also to curry favor with the powers that be. I refuse to believe that these great masters have weak characters. I think, rather, that they have been accustomed for so long to seeing the national genius embodied in their persons that it seems to them

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impossible that they should not continue to represent it, no matter what the government happens to be. Apart from these two old men, who are too remote from actuality to be able to be very critical, the National Socialists have placed only second-raters at the head of their intellectual organizations. There are seven of these special unions, grouped in a General Cultural Union, presided over, as one might expect, by the Minister of Propaganda. German culture is now merely an instrument of propaganda, in the service of the government. It is entirely subordinated to the will of a single chief, named Goebbels. He is known today all over the world; but on his own, independently of the propaganda instruments of the party and the movement, he couldn't interest even a thousand readers in his plays and novels. As a matter of fact, it is not survivors like Hauptmann and Strauss who give the measure of German culture today. It is Goebbels. Having created nothing, he has at last propagandized himself into existence. When the party came to power, the victorious propagandist simply imposed himself upon a culture to which he had never contributed.

Further, the doctrine of the National Socialist Party does not admit individual thought or brilliant exceptions, which are the essence of real talent and superior intelligence. One must think as everybody thinks before confessing to gifts which are not everybody's. Moreover, if the Minister of Propaganda has to choose between a devoted mediocrity and a man of talent who is willing to make concessions, he will choose the former, though he pretends publicly to set great store by talent. His theory is that art cannot exist without talent, but that extremely individualistic talent creates an abyss between art and the nation. This preposterous theory was the subject of his inaugural speech before the Cultural Union. He informed his regimented audience that, before the advent of the Hitler government, the literary public had been rapidly dwindling, that the masses were becoming indifferent to literature. He conveniently forgot dozens of recent examples to the contrary. "All Quiet on the Western Front" sold a million copies in Germany alone. Thomas Mann's "Buddenbrooks" reached a sale of a million just in one cheap edition. As German is spoken by less than sixty million adults, these are high figures. German books were never read so widely as after the Weimar Republic came into existence. Democracy, by freeing the workers and by levelling classes, had served culture well by open-

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ing up its golden seams to millions who previously had been isolated from it.

Under the National Socialists, Germany has promptly lost the habit of reading. Partly this is because people have little time for it, being constantly occupied with manifestations in favor of the government, military night marches, and forced labor on behalf of a few people of wealth. Every German is conscripted for life. Never being alone for a minute, how can he think? Goebbels nevertheless expects him to be interested in a certain kind of literature, described as heroic romanticism. But these writings remain quite unknown to the general public. The nation to whom they are addressed is neither romantic nor heroic. It has been stuffed with lies, but is not more romantic on that account. It has been steeped in violence and braggadocio, but that is far from heroism. A few victories fairly won and some spirit of sacrifice might help; but sacrificing others is not enough.

Obviously, the new National Socialist cultural system would not work without violent pressure on the unwilling. "If you refuse to buy our books, we shall compel you to, otherwise you will lose your job." That is how the author of "My Struggle," who is also its publisher, and who besides has the advantage of being both Chancellor and the owner of the chief newspaper in his party, speeds up the sales of the National Socialist Bible. Radio owners have been sent to jail for deciding to give up their receiving sets, because they could not stand hearing over and over again the speeches of the National Socialist leaders. The régime imposes its own press and will tolerate no other. Its aim is to keep the outer world from penetrating into Germany. Literature, drama and moving pictures are strictly controlled. Only propagandist movies are now permitted, camouflaged, of course, if they are intended for export. The theatre has not yet received proper attention. As the playhouses are empty, it would be logical to compel the taxpayers to attend as a matter of duty and applaud the new romantico-heroic dramas.

The least resistance to all this comes from the youth. Always susceptible to irrational enthusiasm and appeals to collective action, the young men of Germany are the very basis of the dictatorship. They were the first to applaud it, and it rewards them by endlessly dwelling upon the inestimable value attributed to physical youth in certain epochs. Indeed, the ability to appeal to youth is clearly of the utmost value to leaders who are on bad

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terms with critical minds; they have nothing of that kind to fear from the young. Neither a critical sense nor common sense prevented the students from driving out professors who happened to be Jewish, democratic, or simply merely honest. Nor has it prevented them from taking bloody reprisals against their classmates who hold different ideas from theirs. From the beginning, the movement exploited the youths of less than twenty years. These swarmed in the streets whenever there was a demonstration against the Republic or against freedom of thought. If thought is now controlled in Germany, instead of being free, it is chiefly the fault of the younger generation. They sing "We are the Soldiers of the Future." It is hardly necessary to say that youths of twenty are always the soldiers of some future or other. But what future can lie before these German youths, already weighted down for all their lives by the injustices and contemptible actions they have committed?

That is one of the grave disadvantages of controlled thought. It has distorted the minds of whole generations of young folk, and it leaves them no time for learning. Indeed, students of National Socialist opinions have had to be granted special facilities at their examinations. So many scholars of great distinction have left the country that the world a few years hence seems destined to witness the mental decline of a nation which might have continued to be distinguished in all domains of scholarship and science, abstract as well as applied. Where would have been the world's chemical and mechanical inventions, its great industries, if men had not been able to think freely and work freely? And at the same time the spiritual springs of the nation are destroyed by lies and hypocrisy.

Another disadvantage of controlled thought is the absence of safety valves. These have all been closed. There is no criticism, there are no warnings. Catastrophes can approach unannounced. History has recorded, times without number, the dangers and degradations caused by the suppression of freedom of conscience. It is sad to see one generation of men going back on the moral conquests made by its predecessors. For a certain time, it is true, truth may be regarded as a mere matter of convention. But such truths are not the Truth, to which disinterested men will devote their lives. Nobody will be able to enjoy the immense experience of meeting face to face the perils of the Unknown by the exercise of the intellect. The delicious pains of creation will be unknown,

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since the artist is forbidden his own conception of humanity, and must evoke only official visions. It will no longer be said that personality is the supreme happiness of man. The personality of a Goethe could never have been regimented by this régime of jealous, rancorous mediocrities.

They are powerfully entrenched and their capacity for harm is far from exhausted. They will last, and they will make the most of their opportunities before they disappear. But disappear they will, and free thought will survive them. On that score, too, history leaves no doubt. Though thought is persecuted, already it resists. The layman is still quiet; but the Christian churches are in revolt against the doctrine of racism. The churches do not recognize zoölogical races. They recognize only humanity, whose spiritual welfare has been put in their keeping. That welfare is also the concern of intellectuals, even though they are not so well organized as the clerics and are more exposed to worldly considerations. There will come the moment when they will realize their degradation and react against it. For the rest, Eternal Thought is in no wise affected by the abdication, forced or voluntary, of a few thousand intellectuals inside a certain set of frontier posts.

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# THE FUTURE OF THE SAAR

*By Richard von Kühlmann*

TO THE average American the word Saar conveys little if anything; to the unhappy few who specialize in the problems of Europe it labels one of the points in dispute between Germany and France; to the extremely few who personally took part in the peace negotiations preceding the Versailles Treaty it may recall the most heated and excited controversy between President Wilson and the French at the time when the breakdown of the negotiations seemed imminent and the President ordered the *George Washington* to be kept in readiness for his return to America.

The Saar, as it exists today, is a wholly artificial creation which corresponds to nothing grown-up in history. For the most part, the Saar region was arbitrarily cut out from Prussian territory, to a lesser extent from the Bavarian Palatinate. The reason for the creation of the territory as it exists today was to meet the French desire to possess and exploit the rich coal deposits. The surface boundary lines were devised without any attention to the needs or desires of the people living there, but with regard exclusively to the coal seams underground. The deposits are important; experts estimate them at about 12½ billion tons.

None of the documents enumerating French war aims mentioned the Saar, neither the official government declarations of December 31, 1916, and January 10, 1917, nor the resolution of the French Parliament of June 5–6, 1917. On the other hand, the secret treaty between France and Russia of February 1917 does mention the Saar. The agreement made between France and the Powers, particularly the United States, defining the aims to be attained by the Versailles Treaty, makes no mention of the Saar.

When it became clear that the whole of Alsace-Lorraine as annexed by Germany in 1871 would return to France, industrialists familiar with the conditions of iron and steel making in Alsace-Lorraine must have clearly perceived that the vast steel industry which German enterprise had built up there would be in a precarious position without the Saar coal deposits, on which it had depended almost exclusively. When the French began to explain to their astonished Allies why they believed they had a right to annex the Saar their tactics revealed considerable con-

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fusion. Light is thrown on the subject by a letter written by Briand on January 12, 1917, to the French Ambassador in London. He says: "It seems advisable to form an autonomous state on the left bank of the Rhine. Alsace and Lorraine must be returned to France, not diminished as under the Treaty of 1815 but with boundaries such as were constituted in 1790. France would then, geographically and industrially, possess the Saar Basin, which seems essential for French industry."

The first plan was evidently to claim the Saar as being a sort of annex of Alsace-Lorraine, if the boundaries were established on the lines of 1790. To this President Wilson most fittingly replied that he had only agreed to restore Alsace-Lorraine within the boundaries of 1871. After the opening negotiations it became clear to the French that determined opposition would be encountered from President Wilson, though Mr. Lloyd George seemed somewhat more compliant. The French therefore decided to abandon their annexation claims to part of the Saar region and to attempt to obtain instead the permanent possession of the whole of the Saar coal deposits. They hoped to build up enough so-called "guarantees" around their possession of the mines to make complete annexation inevitable in the long run.

The river Saar originates on the northern slopes of the Vosges mountains, runs 246 kilometers through a triangle of German territory between the left bank of the Rhine and the Moselle, and eventually joins the latter river. In the basin of that river lies what is now the Saar territory, 1,910 square kilometers in extent. It is inhabited by about 805,000 inhabitants, 560,000 of them Roman Catholics. Were it not for the great coal deposits and the important industries which had sprung up around them, nobody would ever have attached particular importance to the Saar Basin. The coal deposits have been known for a long time and a modest industry on a small scale existed right through the eighteenth century and the first half of the nineteenth. This industry was based in the main on the use of charcoal, and on some minor deposits of iron ore found close to the surface. It was only when in the second half of the nineteenth century the black diamond gained a steadily increasing importance, and when, through the invention of Sir Henry Bessemer, the vast *minette* iron ore deposits of Lorraine could be used on a large scale, that the Saar became an important factor in the development of Imperial Germany and one of its most prosperous industrial provinces.

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The stipulations of the Versailles Treaty dealing with the Saar Basin are Articles 45–50. They read as follows:

*Article 45.* As compensation for the destruction of the coal mines in the north of France and as part payment towards the total reparation due from Germany for the damage resulting from the war, Germany cedes to France in full and absolute possession, with exclusive rights of exploitation, unencumbered and free from all debts and charges of any kind, the coal mines situated in the Saar Basin as defined in Article 48.

*Article 46.* In order to assure the rights and welfare of the population and to guarantee to France complete freedom in working the mines, Germany agrees to the provisions of Chapters I and II of the Annex hereto.

*Article 47.* In order to make in due time permanent provision for the government of the Saar Basin in accordance with the wishes of the populations, France and Germany agree to the provisions of Chapter III of the Annex hereto.

*Article 48* describes the boundaries of the territory of the Saar Basin.

*Article 49.* Germany renounces in favour of the League of Nations, in the capacity of trustee, the government of the territory defined above.

At the end of fifteen years from the coming into force of the present Treaty the inhabitants of the said territory shall be called upon to indicate the sovereignty under which they desire to be placed.

*Article 50.* The stipulations under which the cession of the mines in the Saar Basin shall be carried out, together with the measures intended to guarantee the rights and the well-being of the inhabitants and the government of the territory, as well as the conditions in accordance with which the plebiscite hereinbefore provided for is to be made, are laid down in the Annex hereto. This Annex shall be considered as an integral part of the present Treaty, and Germany declares her adherence to it.

I shall now analyze these Articles and attempt a short history of the circumstances under which they were drafted.

Article 45 cedes to France the coal mines situated in the Saar Basin, and gives the reasons therefor.

The French coal mines in the departments Nord and Pas de Calais suffered damage in the war. Germany was ready to make good this damage by delivering quantities of coal, to be determined by agreement; but France, who not only wanted the coal, but hoped by the Saar Statute as embodied in the Treaty to obtain a veiled annexation of the whole Saar Basin, refused the German proposals. She insisted on getting the property of the Saar coal mines. Only when Tardieu, after the first discussion with the Big Four in Paris, discovered that the pure and simple annexation of the Saar (under the pretense that the case was analogous to Alsace-Lorraine, and that a large proportion of the population was French) would not be acceptable to President

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Wilson, did the French revise their scheme. Making use of the President's admission that he would be ready to give them temporary use of the Saar mines to make good the deficiencies of the French coal mines, they claimed possession, control and exploitation of all the coal deposits in the Saar. Tardieu, always a resourceful diplomat, widened the breach in Wilson's defensive position by inducing the American experts, amongst them Professor Haskins, to overstep their instructions, adding a recommendation of purely political character to their technical findings. Bernard M. Baruch on April 9 addressed a letter to the President. It is an excellent document, admirably clear and wise. It came too late. Wilson had already given in to the French.[1] The thin end of the wedge had been introduced. The tenacity of France, and her masterful psychology in giving President Wilson satisfaction on points concerning the League of Nations, succeeded in shattering his position. The second week in April, which ended with the drafting of the articles regulating the fate of the Saar, was the week of Wilson's final collapse, the week that marked his moral defeat in the Paris negotiations.[2]

This Article 45 is of paramount importance. All the rest of the Saar Statute was built around the French possession of the coal deposits, on the pretense of setting up the guarantees necessary for unencumbered mining and selling of coal.

It is clear that the two reasons quoted for letting the French have possession of the Saar coal deposits no longer exist. Already at Versailles there was an acute controversy between the French experts and André Tardieu on one side, who claimed that ten years was the minimum needed for repairing the damages to the French mines in the north, and the English and American experts on the other side, who agreed that five years seemed ample. Events have shown that the Anglo-Saxon experts were right. The total production of coal in the two departments of Nord and Pas de Calais in 1913, the last year before the war, was 27 million tons. After dwindling during the war and immediately afterwards, by 1924, just five years after the beginning of reconstruction work, 25½ million tons were mined in northern France — practically the pre-war quantity. In 1925, the production of 29 million tons considerably exceeded the pre-war production. So from 1925 on, war dam-

[1] Ray Stannard Baker: "Woodrow Wilson and World Settlement," vol. III, p. 253.

[2] A considerable literature exists concerning these eventful weeks. The muddle of the Conference has never been described more vividly than in Harold Nicolson's book, "Peacemaking 1919" (Boston: Houghton Mifflin, 1933).

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ages could no longer be claimed as a reason for further exploitation by France of the Saar coal. The second argument that these coal mines constituted part payment towards reparations no longer holds good, as, by the agreements concluded in the last years, German reparations are for all practical purposes dead. Besides, in the course of the coming negotiations, Germany will have to buy back the Saar coal mines from France.

The next article, Article 46, notes Germany's acceptance of the Annex. Chapter 1 of it describes the exploitation of the mines ceded to France. In Chapter 2 the government of the Saar territory is described. As in Article 45, two reasons are given for transferring the government of the Saar territory from Germany to a new body. The first is to "assure the rights and welfare of the population." As already pointed out, the French desire for acquisition of the Saar was not mentioned in any of the documents prior to the opening of the Paris negotiations. Therefore, strong arguments had to be used to batter down the objection put forward by Mr. Lloyd George and the obstinate resistance of President Wilson. A considerable French population in the Saar had to be invented; and it plays a predominant rôle in all the French arguments and in the French documents. The "rights and welfare of the population" were introduced for the sake of this purely fictitious French population. The census of 1910 showed 342 people in the Saar region using the French language. As nobody in Germany at the time ever dreamt of the possibility of a French claim to the Saar, this figure may be considered as absolutely reliable. Tardieu, knowing the weakness of the argument, carefully avoids figures or specifications. Clemenceau spoke boldly of 150,000 Frenchmen who had sent memorials to the French Government. These have never been discovered, and the 150,000 Frenchmen vanished without trace as soon as the Saar Statute had been written and signed according to French desires. It is not an exaggeration to say that the agreement of the Allies to the Saar Statute was procured under false pretenses. Unfortunately, neither Wilson nor Lloyd George had the machinery or the time to examine alleged facts submitted by the French.

Article 47 endorses Chapter 3 of the Annex, dealing with the plebiscite. In bringing about Wilson's final abandonment of his vital principles, the French found plebiscites useful. These avoided an immediate and complete surrender of the doctrine of the right of people to determine their own fate. The final vote was postponed,

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and details were so regulated that a reasonable hope existed that the vote might go according to French desires.

In Article 49 Germany expressly renounces the government of the Saar Territory. Article 50 declares that the Annex shall be considered an integral part of the Versailles Treaty.

As remarked above, the Anglo-Saxon experts were of the opinion that five years would be ample for repairing the damage done to the northern French coal fields. French engineers maintained it could not be done in ten years. To be on the safe side, the Treaty provided that after fifteen years of separation from Germany the inhabitants of the territory should be called upon to indicate the sovereignty under which they desire to be placed. This plebiscite must take place, then, in 1935.

The French at Versailles took no pains to disguise their hopes that within the period of fifteen years they would so arrange things as to be able to annex the Saar by plebiscite. Their plan ran as follows. Through ownership of the coal mines they had considerable influence over the miners and their families. By acquiring a majority of shares in the large privately-owned industrial establishments, they hoped to get control particularly of the metallurgical industry. Through the French schools attached to the coal mines, they hoped to influence the younger generation in the Saar. Finally, by encouraging somewhat doubtful individuals along the same lines followed with the separatists and autonomists in the Rhineland, they hoped to mould public sentiment in favor of absorption by France.

The iron industry of the Saar had been built up almost exclusively on the use of Lorraine iron-ore, called *minette*. The more important industrial establishments in the Saar had been owners of big deposits of *minette*, which were calculated to last a hundred years or more. By the Peace Treaty they were deprived of this iron-ore in Lorraine, which automatically passed into French possession, as the Versailles Treaty, for the first time in history, confiscated all private property without compensation to the owner. At the same time, their coal reserves, which had been owned by the Prussian State, became automatically French governmental property. The Saar Basin and the industrial plants were occupied by French troups, a good many of them colored. Taking advantage of this almost hopeless plight of the Saar industry, the French forced some of the greatest concerns in the Saar to sell 60 percent of their shares to French interests,

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hoping thereby to gain definitely control of the privately-owned Saar industry. It took a good deal of patient negotiating on the part of the Saar industrialists before agreements could be reached with the French State coal mines in the Saar so that a regular delivery of fuel would be provided. Private agreements with the French interests who had bought the Lorraine iron-ore deposits from France made possible a regular supply of Lorraine ore to the Saar steel works. Little by little the arteries of industry which had been brutally cut by the drawing of new political frontiers were reëstablished, so that the Saar works could continue to exist, though precariously, hoping for better days.

In the main, French hopes in the Saar have been disappointed. The conspicuous lack of psychological sense shown by the French in all their post-war dealings with Germany deprived them in time of any sympathy in the Saar population. The French private industrial groups, finding the Saar business much less attractive under the new and difficult circumstances than they had calculated, sold out a large proportion of their shares. Today in some of the most important industrial establishments the French holdings have been reduced from a majority of 60 percent to small minorities, hardly exceeding 10 percent.

The repeated attempt to denationalize German children by educating them in the French mining schools has created much bad blood. The complaint that the French mining administration has attempted to use pressure to induce the miners to send their children to the French school is one of the sorest points.

Until recently, French interest in the Saar seemed on the wane. The hope of annexing it, or at least of establishing it definitely as a sort of buffer state between France and Germany, seemed to be almost abandoned. But in the spring of 1933, after Adolf Hitler's appointment to the Chancellorship of Germany, matters took on a completely new aspect. The Saar had practically continued under German law even under the League of Nations régime. Now suddenly it became a favorite refuge for subversive elements, who either owing to advanced political opinions or for racial reasons had left Germany. These aggressive elements, in principle opposed to Hitlerite Germany, were enabled to use the Saar as an advanced position for launching their attacks. On the other hand, the wave of enthusiasm for the new national Germany did not halt at the Saar frontier, but engulfed the greater part of the German population there — as happened in almost

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every country bordering on Germany. The great forces unchained by the Hitler Revolution in a short time exacerbated the cool but nevertheless businesslike relations which had existed between the Saar population and their five rulers appointed by Geneva. This antagonism may have been encouraged by the intellectual (to a great extent Jewish) German emigrés, who have made Paris their center. New hope and new activity as regards the future of the Saar sprang up in Paris, and there was a revival of the old ambitions either to keep the whole Saar permanently or to chop off some desirable bit.

Chancellor Hitler, passionately adhering to his program of promoting peace (which has found strong expression in the German-Polish declaration of January 26, 1934) has attempted in his conversations with the French Ambassador, M. François-Ponçet, to open a direct Franco-German discussion on the Saar question. But Paris opinion, almost morbidly distrustful, has not been favorable to such a course.

There can be no doubt that potent reasons plead for some sort of Franco-German agreement before the plebiscite takes place. The wording of the existing International Stipulations is so vague that the plebiscite does not decide anything definitely, but can only be used as a basis for a subsequent exchange of opinions between Germany and France. The great and permanent interests of all concerned — France, Germany and the Saar — are to heal, as far as possible, the wounds inflicted on the region in question by the Versailles Treaty. French industry in Lorraine needs the Saar coal, the Saar industry needs the Lorraine iron-ore. The French industry eventually can live on other than the Saar coal. The Saar industry can, like that in the Ruhr, depend on foreign iron-ores or German deposits. But in both circumstances it is cheaper and more natural to maintain relations established by long historical development. It is to the interest of Lorraine to continue to supply the Saar with agricultural products; the Saar industry has an interest in keeping, at least for a transition period, some of the French markets she now supplies. These are the solid interests to be regulated by future Franco-German conventions. There will be difficulties, there will be hard bargaining, but given skill and good-will a favorable result is possible.

Nobody doubts that the plebiscite in the Saar will go overwhelmingly in favor of Germany. Some elements may vote against return to Germany, that is, for continuing the present

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arrangement. If such votes are cast they may not be read as being pro-French. They would be evidence of antagonism against certain aspects of present Germany. Opinion in France seems to be divided. Some advocate working for votes for France, because only votes for France, however few, may be used as an argument for annexing some part of the Saar. Even a most biased interpretation of the vote could not interpret votes cast for maintaining the present status as arguments for French annexation of parts of the Saar. Even under present conditions the chance of obtaining more than a ridiculously minute number of French votes seems extremely small. It is most seriously to be hoped that the French Government will avoid any attempt to tear off a part of the Saar, however small, creating thereby a new and serious point of friction in Franco-German relations.

Seldom since the ink dried on the disastrous peace instrument of Versailles has the world been so full of war talk as today. Much of this talk centers round Franco-German relations and the so-called disarmament question. Disarmament has never had a chance since the war, simply because the French nation will not disarm. Whoever is now not wholly convinced that disarmament, in the real sense of the word, is as dead as Queen Anne, is incurably optimistic. One may deplore this state of affairs; but it would be political blindness not to see it.

To me, it seems as if the importance of disarmament for the maintenance of peace had been enormously exaggerated. Even an almost complete lack of armaments does not prevent long and bloody wars, as the Civil War in the United States proved. On the other hand, after the war of 1870–71 Europe saw a long period of armed peace. During this period the world enjoyed a degree of prosperity which we now can only look back at with envy. The most serious menace to the maintenance of peace is an utterly unarmed Germany in the center of a heavily armed Europe. In fact, the period of acute war danger through which we have been passing was only so dangerous because to a purely soldierly mind the temptation of a walk-over for the French Army against a practically disarmed Germany was difficult to resist. Modern history teaches that under present conditions nations get onto their feet after defeat much more quickly again than they did in olden times. This rapid return to vitality seems alarming to the victor of yesterday and encourages in some sections of the people the idea of a new war to prevent the other from gathering strength

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again. After the crushing defeat of France in 1871 the symptoms of a too rapid recovery provoked in 1875 a crisis not utterly dissimilar to the one we have lived through last autumn and this winter. The danger may even now not have entirely disappeared.

Adolf Hitler, who since he came to power has revealed himself as a far-seeing statesman, knows perfectly that to rebuild Germany after the destruction caused by the World War, by revolution and by inflation, many years are needed and that this work can only be carried out if peace is not disturbed. The undisputed head of German nationalism, he can afford to be much more conciliatory than were his predecessors in office who, all leaning more or less on the parties to the Left, were bound to encounter the most bitter opposition from the conservatives and the nationalists in any attempt to pursue too moderate a policy. The Chancellor has, as I know, one main desire — to come to a lasting agreement with France. As by negotiating with Poland he has succeeded in completely changing the atmosphere on Germany's eastern frontier, his hope seems by no means unreasonable. This spirit may be taken as a guarantee that in dealing with the Saar question German policy will be inspired by a broad desire to establish a working agreement with France in the only question left open by the Versailles Treaty.

National conditions and history alike make it unavoidable that the two neighboring countries should come to a working economic understanding. This can be accomplished provided French policy gives up any attempt to chop off some part of the Saar for annexation to France. Many people in Germany would prefer coming to an understanding with France before the plebiscite. This would remove practically all the bitterness of propaganda on either side. But French public opinion seemingly is not ripe yet for this idea. Germany can do nothing, then, but settle down quietly and firmly to prepare for the battle at the polls. She is confident of her right and confident of victory and will certainly not for a moment forget in the heat of the struggle that for all time to come Germans and French — these two greatest, most gifted and most warlike people in Central Europe — will have to live as neighbors, and that on the spirit in which this neighborhood is practised depends the future, not only of the two countries themselves, but of Europe and likely of the whole civilized world.

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# INTERNATIONAL SOCIALISM: THE END OF AN ERA

*By Helen Byrne Armstrong*

THE Second International has been ailing ever since the outbreak of the World War; the recent split in the French Unified Socialist Party and the disappearance last spring of the German Social Democratic Party have, it seems safe to say, put an end to its suffering.

The Second International was founded in Paris in 1889 as a loose federation of the many strong socialist parties then in existence. Since the war of 1870 a state of tension had existed between France and Germany; it showed no signs of abating by 1889 and many thought it a threat to peace. The French Government had recently come closer to the Tsarist Government; Germany, Austria and Italy had renewed the Triple Alliance for a second time and were to bind themselves again in 1891; Europe was rapidly becoming an armed camp. The First International had been founded in 1864 as a protest against Russia's treatment of Poland. The Second International remained strongly anti-Russian but, on account of the tense international situation, placed its main emphasis on combating militarism. At its first conference it demanded that standing armies be abolished, that international tribunals of arbitration be set up, that the peoples have a voice in questions of peace or war. It laid down as one of its cardinal principles that its members should never vote military credits or the expenses for colonial expeditions, and held to the motto of the old International — "not a man, not a cent, rather insurrection than war."

By the turn of the century the loose federation had grown into a strong organization; a permanent Bureau was founded, with headquarters at Brussels, and year by year its power increased. Socialists from then on were urged to increase their parliamentary representation with the aim first of acquiring a nuisance value — like the Irish members of the House of Commons — and eventually of gaining control of the legislative assemblies of the world. Many socialists at that time believed that if universal suffrage were everywhere granted, the working classes would come into power automatically. They did not reckon with the growing wealth and power of the middle class, or with their ingenuity.

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They did not foresee the development of those organized minorities and special interests which were to interfere with what appeared to be the legitimate and inevitable advent to power of the majority any more than the nineteenth century economists foresaw the dislocation of their "free market" by the establishment of trusts and tariff walls. Nor did they assess realistically the power of nationalism over the minds of the working class itself.

And so socialists everywhere set to work to increase their parliamentary representation. In roughly the twenty years before the war the number of socialist representatives grew in Germany from 43 to 110, in France from 50 to 103, and in England from 0 to 42. Speaking very generally, as socialist representation increased, socialist doctrines grew milder. Beginning with Bernstein in Germany, the Broussists and Independent Socialists in France, and the Fabians in England, "revisionist" or "evolutionary" as opposed to the "catastrophic" socialism of the early Marxian and Communard days came to dominate the leaders of the Second International. Whether moderation came because of a desire to hold on to power and position obtained after much struggle, or because of a growing sense of the responsibilities of that power, there is no doubt that between 1905 and 1914 more and more stress was laid on "reform" through parliamentary methods and — depending on varying domestic considerations — less on antimilitarism or on the class struggle.

In Germany, the extremely conservative parties divided power between them. Liberal-minded persons who in France might have been Radical Socialists or in England might have been Liberals saw little chance of influencing the policy of the government except by joining the Social Democratic Party and helping build it up into a strong organization. As a result, the Party's anti-Russian basis remained, but its stand against militarism gradually weakened. In the years before 1914, the British, French and American socialist representatives at international congresses tried time and time again to pass a resolution calling for the general strike in case of war. Each time the German Social Democrats blocked these efforts, taking the tactical ground that such a resolution might interfere with their successes at home. They felt on the verge of gaining control of the Reichstag (just before the war their registered vote actually was 4,500,000, or one-third of the total registered vote of Germany); they believed that if they attained this objective the danger of war would al-

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most automatically disappear; and in the meantime they wanted no revolutionary resolutions to frighten off their more timid supporters. In other words, German Socialism became a stronghold of liberals rather than of socialists.

But the Social Democratic Party did not gain control of the German Government. War came. The Second International had no program. And on August 4, 1914, the German Social Democrats voted the war credits, 111 to 14. Steamroller methods provided that the party vote must always appear publicly as unanimous. Hence the world did not know for some time of the fourteen courageous dissenters, among them many of the outstanding leaders — Kautsky, Haase, Liebknecht, Rosa Luxemburg and Franz Mehring.

Under the leadership of Jean Jaurès, the French socialists showed a more sincere effort to live up to the anti-militarist principles of the International. In the twenty years before the World War, the political atmosphere in France was very different from that in Germany. The Dreyfus case had worked a profound change in the international outlook of the French socialists. Up to that day in 1894 when Captain Dreyfus was arrested and unjustly condemned at the instigation of a corrupt military clique, French socialists, true to their old Jacobin traditions, had been revolutionaries at home, patriots abroad. They had looked on the armies of France in the light of '93, as the emissaries of Liberty, Equality, Fraternity — the Commune itself was started by super-patriots who regarded Thiers as a traitor to France for his surrender to Germany. But in the six years before Dreyfus was finally pardoned (due to the courageous and untiring efforts of men as different as Jaurès, Clemenceau, Zola and Péguy, to mention only a few) the socialists had become strong anti-militarists almost to a man. From 1900 to 1914, too, the governments of France were in the hands of the parties of the moderate Left, principal among them the Radical Socialist Party, the party of the anti-clerical middle class — lawyers, professors, small tradesmen. The Radical Socialists undertook many liberal reforms tending to improve the conditions of the working class. At the same time, they took over from the socialists the old revolutionary patriotism; they signed the Franco-Russian alliance and increased the term of compulsory military service; though liberal in their domestic policies, they were distinctly conservative (nationalistic) in dealing with foreign affairs. Jaurès consequently

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concentrated his attention on the international and anti-militarist aspects of socialism rather than on its revolutionary teachings. He denounced the Franco-Russian alliance; he pleaded for an understanding between the French and German working classes; he staked everything on the building up of an international socialist organization to combat war; in general, he worked for peace rather than revolution.

In 1913, Jaurès proposed to reduce the French military budget by 100,000,000 francs in spite of the German Social Democratic support of the 1½ milliard mark credit for German heavy artillery in the spring of that year.[1] Jaurès by this proposal aroused the fury not only of the Right parties in France, but also of the moderate Left. Péguy, once a fellow socialist and friend, one of the band of young intellectuals who had fought through the Dreyfus crisis by his side, wrote of him: "I am a good republican. I am an old revolutionary. Yet in wartime there is only one policy, the policy of the National Convention. It is useless to deny that the policy of the National Convention means Jaurès in a tumbril and the beat of a drum to drown out that great voice." And so it was that his internationalism rather than his social theories led to his assassination on July 31, 1914, by a half-wit who had been egged on by the calumnies of *L'Action Française*. After his death, and after the German declaration of war, it was the French socialists who demanded and obtained the withdrawal of the French troops to a distance of 10 kilometers from the frontiers. But eventually, convincing themselves that the war was one of defense for France, the French socialists voted the military credits; they even joined the government of "*l'union sacrée;*" and leaders as well known as Jules Guesde, Marcel Sembat, Albert Thomas and Léon Blum accepted cabinet and other posts. In the same way, the British socialist parties, with the exception of the Independent Labor Party, offered their support to their government and accepted cabinet posts for their leading members.

Analyzing the reasons for the failure of the Commune in 1871, Lenin in 1908 had written: "In the union of these contradictory aims — patriotism and socialism — was the fateful mistake of French socialism." It was the fateful mistake of world socialism in 1914. The Second International had failed.

But in all countries there were active minorities intent on sav-

[1] The Social Democrats justified their action on the ground that the German Government had promised them that the cost would fall on bourgeois and not on proletarian shoulders!

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ing it. In France the war had made plain a division of thought within the Unified Socialist Party. The "majority" group led by Pierre Renaudel supported the government wholeheartedly; but the "minority" under Jean Longuet, Marx's grandson, gave only provisional support. They acknowledged the right of France to defend herself but pronounced in favor of a war without victory and an attempt to save the International from disaster. And so in 1915, at the request of the Italian socialists, a conference was called at Zimmerwald and was attended by socialists from the Scandinavian, Central and Allied Powers, with the exception of Great Britain. It was at this conference that Lenin and Trotsky tried to organize a socialist entente against the war, with the ultimate aim of turning economic strikes into political strikes and civil war. But their proposals were rejected and the conference was content merely to pass a resolution against war in general. Even this mild performance caused indignation, and the French "majority" group denounced it. Only three French socialists attended the succeeding conference at Kienthal in 1916, and they did so unofficially. This time the Leninites were in control; they scored bourgeois pacifism, declared that no real peace was possible under capitalism, and attacked the Second International for its inactivity. This attack seemed ominous, for by the spring of 1917 there had already sprung up the slogan "For the Third International." Lenin asserted that the masses ought to realize that socialism had split throughout the world.

But the Second International still struggled on. In France there had been a displacement of power in the Party. As the war aims of the Allies became more concrete, as the censorship increased and the conduct of the war fell more and more into the hands of the conservative element, the "majority" group lost influence. By 1917 the war weariness, the lack of decisive victories and the Russian Revolution had their effect; the severe repressions of the Clemenceau régime did the rest and resulted in a revolt in the Party. In July 1918 the "minority" under Longuet and Paul Faure ousted Renaudel from leadership; they tried to reorganize the Party, to preserve proletarian unity, and to reconstruct the almost defunct international organization. It was no easy task. They had to cope with Renaudel and his parliamentary "reformism" on the one hand and with the extreme Left under the influence of the Russian Revolution on the other. From the moment in 1919 that the Third International became a reality, their

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program was painfully handicapped. The Party refused to join the Third International, taking its stand with the Ledebour Socialists in Germany, the Social Democracy of Austria, and the majority party in Switzerland. But when it began to be apparent that popular sympathy in France was turning toward the Left, alarm spread through the ranks. The Party leaders decided to try to negotiate a compromise, and sent to Moscow two prominent members, Marcel Cachin and L. O. Frossard, to talk things over. To the horror of the leaders, Cachin and Frossard returned enthusiastic communists. At the Congress of Tours, in 1920, 3,028 out of the 4,050 delegates voted to join the Third International. This vote brought about a definite break in the ranks of the Unified Socialist Party after sixteen years of life. Longuet and his followers withdrew, leaving in the hands of the new party — the "Parti Communiste, Section Française de l'Internationale Communiste" — the control of the old socialist machinery, two-thirds of the membership, and the socialist paper, *L'Humanité*, founded in 1904 by Briand and Jaurès and known all over Europe as one of the great socialist organs. But the Longuet group retained the original title of the Unified Socialist Party — "Parti Socialiste, Section Française de l'Internationale Ouvrière" — and the majority of the socialist deputies in the Chamber.

Since that date the wing calling itself the Unified Socialist Party has been the chief support of the Second International in Europe. In 1924 it joined the "Cartel des Gauches" in order to defeat the powerful "Bloc National" at the polls — and succeeded. Throughout the years since the war the "Cartel" has stood consistently for internationalism and pacifism, and has been more successful than mere figures can show in spreading these doctrines. France at the present time is probably the most pacifist country in Europe. Many believe that wide popular resistance would oppose a general mobilization order except in case of some foreign aggression so flagrant that it is not likely to occur. The government and general staff have obviously become worried. A recent experience of the Minister of Education shows the trend of public feeling. He sent to all teachers a circular warning them to refrain from pacifist and unpatriotic teachings in the schools. The associations of teachers refused bluntly, and no reprisals were taken against them.

Yet less than a year ago, on April 14, 90 out of 129 socialist deputies voted the military credits, and in July a group of 43 left

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the Party to form a National Socialist Party. When a socialist party splits because one section prefers the risk of a bourgeois to that of a communist alliance, it has lately been a sign that the party is about to disappear; and often it has preceded the rise to power of some kind of a strong government. This was the fate of Italian socialism in 1922, of the German Social Democrats in March 1933, and, in a less dramatic manner, of the British Labor Party when a great part of it merged in the National Government. Such, perhaps, is about to be the fate of orthodox French socialism under the leadership of doctrinaires like Léon Blum and Paul Faure, with their quasi-mystic attachment to the formulæ of the early years of the century. One rash enough to prophesy in a time like the present might venture the belief that there is no longer any important place for the classic type of socialism of a Jaurès, a MacDonald, a Scheidemann or a Turati.

The first indication of the recent serious rift occurred in February 1933, when 104 deputies voted with the Daladier Government for a salary reduction for civil servants. Léon Blum, president of the Party, resigned in protest. But the really significant fact, the fact which showed that the last stronghold of international socialism was tottering, was the tiny number who in April actually stood by socialism's cardinal principle and voted against the military credits. Out of 129 deputies there were only 11, including M. Blum. True, 28 more abstained from voting; but this in itself was a defection from true orthodoxy. At the Socialist Congress, held in Avignon immediately afterwards, the action of the 90 Renaudel deputies who voted the war credits was heatedly discussed, and a majority vote of censure was passed upon their conduct. Again in July, at the Congress in Paris, they were censured. When the result of the vote there showed another large majority against the Renaudel renegades the crowds stamped and cheered and burst into the "Internationale." It seemed to them as if Léon Blum and orthodoxy had triumphed. Yet the fact remained that while at both congresses Blum had the support of three-quarters of the delegates, in parliament Renaudel controlled three-quarters of the deputies.

To understand the orthodoxy of the delegates in the congresses and the heretical action of the parliamentary deputies, we must know something of the French electoral system. To be elected to the Chamber a candidate must receive a majority on the first ballot or a plurality on a second ballot. Of the 129 socialist depu-

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ties chosen in the May elections of 1932, 90 were elected on second ballots after the withdrawal of their Radical-Socialist rivals. That is to say, they were elected with Radical-Socialist support, and, in order to be reëlected, must satisfy the middle-class Radical-Socialist voters as well as the socialists. The 39 remaining deputies were elected on first ballots in strongly proletarian districts. They therefore owe their election to purely socialist support; to satisfy their constituents they must remain orthodox and under no condition agree to participate in bourgeois governments or measures. Should they do so, they run the risk of losing their advanced followers to the French Communist Party. Thus while the greater number of the deputies depend not on a purely socialist electorate but on a mixed electorate of socialists and Radical Socialists, the delegates to the Socialist Congresses represent purely socialist organizations.

Until last April — with the single exception of 1914 — no member of the French Socialist Party had ever voted the military credits. What caused the *volte-face?* The obvious answer is Hitler, the threat of German aggression combined with the Nazi attack on trade-unionism, pacifism and liberalism. This probably was the immediate reason, but it does not account in full for the development of Neo-Socialism, the term now applied in France to the doctrines of Renaudel, Montagnon, Deat, Marquet and their followers. As early as the spring of 1932, M. Marquet, Mayor of Bordeaux and deputy, foreshadowed the movement. Hitler came later.

The statement of the case for Neo-Socialism at the recent Paris Congress, and Blum's defense of the classic socialist position, draws attention to a division in socialist thought which prevails throughout the world. Blum summed up the situation succinctly by observing that "an examination of the state of Europe today leaves the impression of a race for power between fascism and socialism." He believes that socialism can triumph only by remaining true to itself. As he cried, "Simple slogans, elementary slogans — these socialism has never given. Remember that simple slogans are those of fascism. I do not know what may be the intermediate forms of power which may intervene between those of the present moment and those which we have always considered as the socialist forms. But our rôle is not to accept them. They are not ours." To those who insisted that youth would turn away if not given something new, he replied, "Then let them go," and added unhappily, "I feel that the rôle which

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I have filled in the Party is over. The position should pass to another."

The situation wears a different aspect to the Renaudel socialists. They see socialism everywhere losing ground, and they are worried. As M. Montagnon says:

> Capitalism is dying; . . . In that case, according to our doctrines and propaganda, we should be happy . . . over the break-down of a system which we condemn daily. Yet we are not happy; we are worried; and it is this anxiety which constitutes the socialist drama in all its seriousness. Why are we anxious? Because in our innermost hearts . . . *we know that socialism cannot come out of the present chaos* . . . We have fought, we have done everything to restrain and prevent the scramble towards economic autarchy. But it is a fact which we should not underestimate . . . The present period of depression and dislocation is a blessed one for fascism . . . If French socialism continues merely to announce a hypothetical and imaginary revolution on an international basis . . . it will be swept aside as it has been in Italy and Germany. For if fascism had been merely a mercenary movement initiated by the banks and big industrialists, it would never have stirred up the dynamic power which it has in the middle classes of Italy and Germany. The Left (Léon Blum) would lead the Party to cut itself off from the middle classes, from democracy, from the nation. And then fascism would come, for the socialist barrage would be broken . . . What counts above everything in the growth of fascism is the economic crisis, which threatens to proletarize the middle classes. They are determined not to accept such a fate . . . It is in the middle classes that a revolutionary ferment exists today. . . .

M. Marquet then took up the thread and startled his hearers by stating that the crisis played into the hands of reaction rather than of socialism:

> A man without work is not a revolutionary factor. He is a human factor broken by his own misery, ready to embrace any creed or follow any adventurer . . . In order that the country may feel that you are able to bring order out of the present capitalist disorder, you must put forward the idea of authority . . . If instead of being spectators you wish to become a center of attraction, then you must organize and advance on a national plane.

It was after these speeches that the July Congress pronounced in favor of M. Blum. As the applause and singing died down, Renaudel, pale and tired, rose to announce that he regarded the vote as a "moral split." The majority, he said, had not taken the trouble to formulate a constructive policy; the minority had. The minority was against war but would not neglect national defense. A storm of hisses and boos greeted his last words, and Léon Blum, usually so mild, cried out angrily: "If Jaurès could hear Renaudel's declaration he would rise in savage indignation."

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The crowds dispersed; they did not know that very probably they had witnessed the signing of the long-deferred death warrant of the Second International.

The next day about 43 of the socialist parliamentary group joined together and formed the National Socialist Party — or Neo-Socialists as they now prefer to be called. The new group calls for the modernizing of socialism to make it a living, vigorous creed to inspire the youth of today as Marx inspired a previous generation. To quote M. Montagnon again, "The soul of our people, of our youth, is crying out for leadership. If we cannot provide it others will."

Is this schism in the Socialist Party merely one more quarrel in a party with an unusually quarrelsome record? If so, it would be of minor interest. Or does it disclose two definitely incompatible attitudes on the great question of how to deal with those unplanned-for rebels, the middle classes? The problem of the middle classes is the problem of the present day in Europe, and it seems likely that the socialist split in France is part of the European process of taking sides on the question of how to cope with it.

Socialism originally was essentially a doctrine and a movement aiming at the collective organization of the community in the interests of the mass of the people, namely the working class, by means of the common ownership and collective control of the means of production. Socialists agreed that the conduct of industry for private profit produced anti-social results. They also challenged the laissez-faire doctrine that the pursuit by each citizen of his private economic interests worked out for the good of society as a whole. Their stand on this last point, which of course is the root of the socialist program, has now been accepted in part by capitalist society in the hope that its application may offer a way of avoiding complete socialization.

Fascism, realizing that the spirit of revolt today is to be found in the middle classes, attempts to conciliate this spirit of revolt by a defense of existing rights. It knows that the middle classes cling desperately to their rights and position, that they refuse to become proletarians and consequently repudiate communism, while at the same time they rebel against industrial capitalism. Hence the fascist insistence that private economic interests must be regulated. It is this aspect of fascism which appeals everywhere to the middle classes, and with greatest force to the lower middle class; they see in it a chance to attack the big banks, the chain

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stores, the cartels, trusts, monopolies, which have squeezed them out and placed before them the hated alternatives of proletarization or starvation. For fascism merely proposes to *regulate* business. It does not propose to remove the profit system or to socialize the means of production. In fact, it definitely promises to respect private property. It professes to put the good of the state above the claims of either capital or labor, and in so doing wins the frantic applause of the middle class, which since the war has everywhere felt itself to be the "forgotten" class.

The Neo-Socialists claim that in facing this state of affairs they are realists. They see in the fascist acceptance of the end of laissez-faire the beginning of socialism. They believe like Proudhon that without the middle class revolution is impossible; they see the middle class in other countries going over to fascism; in order to avoid this in France, and to lure the middle class to socialism, they advocate the abandonment of those principles of socialism which the middle classes reject — in this case, internationalism and pacifism — and the postponement of the basic attack on individual property rights.

The orthodox socialists are filled with horror at the defection of their Neo-Socialist comrades. Facing the extremes of the modern world — the system of the Soviet Union on the one hand and the state capitalism of Italy and Germany on the other — they cling to a theory of socialism evolved before fascism or communism existed. They are still under the spell of Jaurès, disregarding the fact that in 1914 the socialist organization in which he put his trust broke down, that international arbitration on which he counted failed, and that he, who advocated them, was assassinated.

In Jaurès's day the material for the success of communism or fascism did not exist. The mass of the people in Europe did not yet feel so conscious of their ability to determine their own fate, they had not yet had preached to them the conception that ideal ends can be obtained by brute force, they had not acquired the feeling of instability which the war produced, nor had they experienced the war's long aftermath of economic misery. Yet the French Socialist Party today is trying to steer its course as though the last twenty years had not existed. It is acting as if neither Soviet Russia nor Fascist Italy existed, and has even begun to look back to "the good old days" of socialism's peaceful penetration during the lull before 1914. Generally when an organization

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becomes insistently eloquent about the past it is nearing the end of its usefulness. When, in facing new problems, it calls only upon Hamilton or Jefferson, Disraeli or Gladstone, Choiseul or Danton, or even upon Jaurès or Marx, it is acting like an army which today might try to fight machine guns with the rifles of 1870 or a scientist who would approach the world of Einstein with the mathematical notions of a Newton.

Italian socialism went under in 1922 because it made no effort to adapt itself to a changed world. German social democracy flickered and was extinguished because it compromised its basic principles in an effort to adapt itself. At heart both feared fascism less than communism. They discounted fascism's strength and dynamic appeal. They paid too little attention to the possibility that in a world shaken by the war and tired of liberal shilly-shallying men's choice might no longer lie between democracy and dictatorship, but between two dictatorships, fascist or proletarian. Is this again the case in France?

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# AMENDING THE PLATT AMENDMENT

*By Harry F. Guggenheim*

CUBA has long occupied a place of peculiar, if unrecognized, importance in our foreign relations. Probably the affairs of no other country have so continuously concerned our Department of State. In the first phase of this relationship, when Cuba was a Spanish colony, the island played an influential part in the promulgation of the Monroe Doctrine, in the development of our foreign trade, and in our territorial expansion, which was affected both by slavery and by the theory of "manifest destiny."

The second phase began with the sinking of the *Maine* and concerned a people suddenly made free, after four centuries of subjection to the "twin evil spirits of autocracy and exploitation." Our statesmen of the Spanish-American War period, fearful of the political inexperience of a country only 100 miles from our shores, and looking forward to a time when our capital would become actively engaged in Cuba, conceived a political relationship unique between two sovereign states. This found form in an amendment to an army appropriation bill, introduced in Congress by Senator Platt.

The Platt Amendment was based upon a letter from Secretary of War Root to General Wood, dated February 9, 1901, which gave a masterly presentation of the McKinley Administration's thesis regarding the proper relationship between the United States and Cuba. In defending the Amendment, Senator Platt prophesied: "I believe it will settle what may be called the Cuban question satisfactorily to the people of Cuba and satisfactorily to our own people." Its most important provisions imposed an obligation on Cuba in regard to her finances and recognized the right of the United States to intervene in Cuba under certain conditions. But the Amendment was greeted with bitter opposition by the Cuban Constitutional Assembly, particularly with respect to Article III, which states:

> That the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.

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After protracted negotiations between the two countries, and after the visit to Washington of a committee from the Cuban Constitutional Assembly, the Amendment was finally accepted by the latter. The Cuban Constitutional Assembly was persuaded to take this action largely on the basis of the official interpretation of Article III made by Secretary Root on the authorization of President McKinley, as follows:

> You are authorized to state officially that in the view of the President the intervention described in the third clause of the Platt Amendment is not synonymous with the intermeddling or interference with the affairs of the Cuban Government, but the formal action of the Government of the United States, based upon just and substantial grounds, for the preservation of Cuban independence and the maintenance of a government adequate for the protection of life, property and individual liberty and adequate for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States.

Shortly after my appointment as Ambassador to Cuba, in the autumn of 1929, I had an exhaustive compilation made of the applications of the Treaty in order to see just what its consequences had been. This study made it apparent that the United States had not been consistent in the applications of the Treaty and had not strictly adhered to Secretary Root's official interpretation of Article III. The history of the varied applications of the Platt Amendment ever since the termination of our military government in Cuba is an interesting one. I cannot set down that history in the space of an article,[1] but it may be summed up in the following statement: There has been a laissez-faire policy and there has been a tutorial policy; there have been lectures, admonitions, and threats; there has been a policy based on a strict construction of the Platt Amendment; and there has been a policy based on a broad construction.

In view of this confusion it seemed desirable to obtain a clarification of the policy that would govern my acts as Ambassador to Cuba. In September 1930, therefore, I asked Secretary of State Stimson for a declaration of policy for my guidance, and he reaffirmed the Root interpretation. I believed then and I believe now that the policy which we conscientiously pursued, despite misinterpretations in both Cuba and the United States, was less objectionable than any other that the United States might follow under the Treaty. But I have felt a steadily strength-

[1] I propose to do so fully in a forthcoming book.

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ening conviction that the real difficulty was not with any particular policy, but with the Treaty itself.

In a dispatch dated January 20, 1933, I said in reference to our policy:

> In reviewing in my mind the events of this (present) period and in comparing them with the history of our relations with Cuba from 1909 to 1929, I have come to the conclusion that the Cuban Government responds to friendly suggestions, not backed by direct official pressure, only when one of the following conditions is present:
>
> 1. When it fears that failure to respond will result in intervention by the United States under Article III of the Permanent Treaty;
>
> 2. When it is seeking a foreign loan for which it must secure the approval or acquiescence of the Government of the United States;
>
> 3. When it fears that the Cuban opposition party is strong enough to oust it from power, but hopes that the adoption of reforms may placate the opposition or enlist the support of the Government of the United States.
>
> Numerous historical examples could be cited in support of these conclusions, but I believe it will be sufficient to recall the experience of the late General Crowder, who undoubtedly commanded the respect, admiration and affection of the Cuban people to a degree greater than any other representative of the United States in Cuba. Despite his wide knowledge of Cuban conditions and his undoubted influence upon the Cuban Government, his friendly and expert advice apparently was followed only under one or more of the three conditions just laid down.

I ventured the conclusion that this experience would be found to recur again and again, regardless of the particular individuals involved, and in view of these facts, added:

> The continuance of the policy does not commend itself as a thorough, progressive or final solution of the Cuban problem. It does not itself remedy existing conditions in Cuba, and because of its misinterpretation, the Cubans do not feel wholly free to demonstrate their own capacity to do so.

It therefore became my conviction that we should voluntarily offer to negotiate a new political treaty with Cuba, as well as a new commercial treaty. I recommended, however, that the conclusion of these new treaties should be made contingent upon certain constitutional reforms and the reëstablishment of truly representative government in Cuba. This, of course, meant interposition in Cuban affairs, but under circumstances that would have been fully justified as an exceptional measure, and the "United States would have the satisfaction of again starting Cuba on the road to democratic government, but this time only after disposing of an obligation that is both irksome to Cuba and useless, if not actually harmful, to the United States."

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Such effective action on the part of our Government would have been welcomed in Cuba, as well as in other Latin American countries. The Cubans felt, with some justification, that the United States had exercised a paternal supervision over Cuba at various times in the name of humanity and in the interest of law and order. They believed that by the same token the United States once again should make representations to the Cuban Government for the protection of Cuban life and liberty, in view of the breakdown of constitutional processes. If such representations were coupled, as I believed and recommended they should be, with a voluntary suggestion to negotiate new treaties, they would be twice blessed.

In my dispatch of recommendation, mindful of the imminent change in administration in the United States, I said:

> I am aware also that the modification of the treaty suggested above represents a drastic departure in our relationship with Cuba which, even though you might approve in principle, you might perhaps feel could not propitiously be inaugurated at this time. I feel none the less compelled to draw it to your attention, reiterating in conclusion my conviction that if we are to follow the Root interpretation and not to intervene in the internal affairs of Cuba, it would be better to adopt a more progressive policy in our relations with that country by modifying the Permanent Treaty. On the other hand, if we are ever to abandon the Root interpretation of the treaty for more active interest in Cuban affairs, good faith to Cuba should compel us to do so now.

There is, of course, one alternative to the modification suggested above, and that is a reënforcement of the Treaty to permit a close, compelling and final supervision over Cuban affairs, supported by armed intervention whenever necessary. This policy would seem to be in violation of Cuba's rights as a sovereign state and of both the letter of the Permanent Treaty and its spirit as interpreted by Secretary Root.

In addition to the injustice involved, interference with the normal affairs of a Cuban Government would seem to be definitely unwise. Under such a policy the American Mission would become dictator of Cuba. Granted that this dictatorship might be benevolent and altruistic, it would not be omniscient, and in fact there is every reason to believe that it would not be able to cope adequately with Cuban problems. For example, if, inspired by our own traditions and institutions, we dictated a policy of freedom of speech in Cuba, we would have to accept the responsibility of deciding when free speech becomes seditious; and we would become responsible for any anarchy that might result from this decision.

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If we are to dictate to Cuba in order to administer the island effectively, we should occupy it outright. The Mission is unable to administer it. Armed intervention in Cuba as a result of carrying out this policy would undoubtedly be resented bitterly by an overwhelming majority of Cubans and Americans alike.

On the other hand, if in practice we are to avoid invoking Article III of the Permanent Treaty as a basis for exercising special supervision over Cuban affairs — if we are to intervene in Cuba only when such intervention would be justified and pursued under similar circumstances in other countries — we might well secure the benefits which would derive from the formal modification of the Treaty and avoid the evils resulting from our present undefined position. The inconsistency of our interpretation of the Treaty provides fuel for both Cuban and American abuse of it. Our relationship with Cuba is so intimate, and so ambiguous, that every act of omission or commission of the American Mission in Cuba, no matter how innocent, is invested with some deep political significance.

In spite of the unpopularity of the Platt Amendment since its inception, the Cubans have not hesitated to use it as a political weapon of their own. The two edges of this sword as wielded by the Cubans can be graphically demonstrated by reference to two paradoxical comments of the American Minister to Cuba in 1912 and 1913. On November 5, 1912, he telegraphed the Department of State, in connection with the victory of the Conservatives that year, that the Department must be prepared for an outbreak any day, since the Liberals refused to accept the result and said they *preferred American intervention to a Conservative victory*. On March 31, 1913, he stated in a despatch: "There is scarcely a Cuban with political aspirations who would dare to come out openly with expressions of friendship for the United States." These apparently contradictory statements are an indication of what has happened under the Platt Amendment. It is publicly denounced, secretly utilized. Candidates for office have always been able to rally popular support by standing on a platform of Cuban nationalism, advocating the abrogation of the Permanent Treaty.

A distinguished Cuban jurist, Cosme de la Torriente, has said:

> In principle, an individual who has attained his majority and the full enjoyment of civil and political rights cannot be given a guardian to watch his steps and correct his mistakes — the individual in question grows accustomed to

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such guardianship and ends by being unable to do anything by himself. But, in practice, the right of intervention tends to embitter political struggle and furnish occasion for disturbances of the public peace. Certain people will always be found disposed to appeal to the foreign power, alleging that their lives are in danger, their property insecure, their liberties disregarded. If such appeals come from citizens of the intervening power, some attention may be paid to their complaints, and threats or protests may follow on grounds which are either well or badly taken. But if they come from nationals of the weaker country, no attention will ever be paid to them. At the most their petition will be published in the press, and their situation made more difficult than it was before. [2]

No doubt some American citizens with large investments in Cuba would vigorously oppose modification of the Permanent Treaty. They would probably assert that their investment in Cuba had been made in reliance upon the Treaty and in the belief that in Cuba they would receive from their own government a special protection which would not be extended to them in other countries. This theory, although supported by certain past precedents, seems to rest upon a mistaken and unofficial interpretation of the Treaty. Under any circumstances, present and prospective investors would no doubt welcome a clear understanding of the relationship between the United States and Cuba.

In negotiating a new Treaty, we should assume that Cuba must work out her own salvation regardless of the mistakes that she may make. I am in complete agreement with the dictum that it is far better for Cuba to make her own mistakes than to have our government make mistakes for her. Our relationship with Cuba, insofar as the special protection of the lives and property of American citizens is concerned, is and should be clearly understood to be similar to our relationship with other American republics under international law.

The special circumstances which influenced the device of the Platt Amendment at the close of the Spanish American War have no longer the force which they had at that time. We then felt a moral responsibility for the new state which we had brought into being. We felt the necessity for protecting the Spanish residents of Cuba from the anticipated reprisals of the liberated Cubans. At that time we had a real fear of foreign invasion in Cuba. And, finally, we must bear in mind that the draft of Article III, as enacted and in force today, is not the draft originally prepared by Secretary Root; the force of circumstances at that time com-

[2] "The Platt Amendment," FOREIGN AFFAIRS, April 1930.

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pelled him to accept a change in phraseology which naturally modified his original draft, subsequently still further modified by his official interpretation.

In my opinion a number of changes in the Treaty would be advisable.

Our present treaty consists of eight articles, of which Article I reads as follows:

> That the government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization or for military or naval purposes or otherwise, lodgment in or control over any portion of said Island.

This article, which has not been objected to by Cubans, should remain intact. It confirms a right which the United States by doctrine claims. It is essential to the preservation of the independence of a "country so small as Cuba, so incapable as she must always be, to contend by force against the great powers of the world." The Cuban Government in a note of February 9, 1912, had occasion to remind the United States Government of the need for protection. When France, England and Germany jointly made demands for claims of foreigners, the Cuban Government said: "If the Platt Amendment and the treaty in which it was embodied give the United States the right to intercede in our country in certain circumstances, those instruments likewise particularly impose upon it the obligation to defend us when those who are stronger than we menace us for reasons that are opinionable and debatable."

Article II reads:

> That said government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provision for the ultimate discharge of which, the ordinary revenues of the Island, after defraying the current expenses of government, shall be inadequate.

This article imposes upon the United States Government a moral obligation which it cannot adequately meet unless it undertakes a thorough supervision of Cuban Government fiscal matters. This is impracticable and undesirable. The difficulties of administration are illustrated by numerous attempts of Cuban administrations to evade Article II in the past and by the fact that on several occasions it has been successfully circumvented by the general accumulation of large floating indebtedness in a time of inadequate revenues. In addition, the assumption of

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any public debt by the Cuban Government, in the absence of objection by the United States, leads to the erroneous inference that the United States guarantees that the ordinary Cuban revenues are sufficient to pay the interest and amortization. The bankers' advertising circular for the $50,000,000 loan of 1923 carried the following notice: "Issued with the acquiescence of the United States Government under the provisions of the Treaty May 22, 1903."

Article II might well be eliminated from a new treaty. But in fairness to those of the public who have purchased Cuban Government securities on the basis of that article, there should be a provision in the new treaty providing some protection to the holders of these securities until they are redeemed or refunded.

Article III reads:

> That the government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the government of Cuba.

The history of our relations with Cuba indicates that the utility of this article is outworn and that it is now inappropriate. In spite of a policy by the United States of strict non-interference in Cuban affairs, the existence of this article contributes to the ever-present threat that intervention may be deliberately provoked. In place of it might be substituted a guarantee of Cuban independence similar to that contained in the Treaty of 1903 between the United States and Panama.

Article IV reads:

> That all acts of the United States in Cuba during its military occupancy thereof are ratified and validated, and all lawful rights acquired thereunder shall be maintained and protected.

This article should be eliminated, as it has lost the importance which it had for some years after the termination of the United States military occupation.

Article V reads:

> That the government of Cuba will execute, and as far as necessary extend, the plans already devised or other plans to be mutually agreed upon, for the sanitation of the cities of the Island, to the end that a recurrence of epidemic and infectious diseases may be prevented thereby assuring protection to the people and commerce of Cuba, as well as to the commerce of the southern ports of the United States and the people residing therein.

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This article was proposed by General Wood to assure a continuation of the sanitary plans of the military occupation, especially the fight against yellow fever. The article has outlived its usefulness and should be eliminated from a new treaty.

Article VI reads:

> That the Isle of Pines shall be omitted from the proposed constitutional boundaries of Cuba, the title thereto being left to future adjustment by treaty.

The "adjustment" has been made and therefore this article has no place in a new treaty.

Article VII reads:

> That to enable the United States to maintain the independence of Cuba, and to protect the people thereof, as well as for its own defense, the government of Cuba will sell or lease to the United States lands necessary for coaling or naval stations at certain specified points to be agreed upon with the President of the United States.

The United States Government is now in possession of a naval base at Guantanamo in Cuba. When Article VII was proposed by the United States, Cuba feared that the projected naval bases might be used as points for watching over the domestic actions of the Cuban Government. This fear has been dispelled. There is general recognition, in the light of the history of the past thirty years, that United States occupation of a Cuban naval base is only in the interest of protecting both the United States and Cuba. So far as concerns the protection of American life and property in Cuba in times of disorder, United States ports on the Atlantic seaboard offer more suitable points than Guantanamo for the rapid dispatch of protecting forces to Havana and other important Cuban districts. This article should be modified to assure the United States Government perpetual use of adequate facilities at Guantanamo.

The final Article VIII provided for the ratification of the treaty.

The Reciprocity Treaty, governing commercial relations between Cuba and the United States, has been in force for thirty years. In that time, great economic and social changes have taken place in both countries. This Treaty should be adjusted in the light of past experience to meet more satisfactorily the present commercial needs of the two countries. Without attempting here a detailed analysis of the products exchanged between Cuba and the United States, and of the tariff schedules imposed upon them,

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we can lay down certain principles. Cuba's peaceful progress, in fact her very life, is dependent upon sugar. In the interest of Cuba, in the interest of the 126 million consumers of sugar in the United States, and in the interest of the United States exporter who will benefit from the island's greater purchasing power, Cuba should be granted a fair quota of the United States sugar consumption and an effective reduction in tariff rates.

Cuba's social development has come to require adequate diversification of her crops, and her economic life has become more dependent upon crops other than sugar, as the United States has restricted its sugar market more and more to its own domestic sugars. Taking this into consideration, Cuba should adjust her tariffs so that Cuban consumers will purchase from the United States whatever cannot be economically produced on the island. And, finally, the new treaty should include adequate and complete protection to American business interests in Cuba from the difficulties which have been present in the past. During the life of the Reciprocity Treaty, Cuba has enjoyed a favorable trade balance with the United States of over two billions of dollars. She will undoubtedly continue to enjoy large favorable balances. In return, she must make her adequate contributions for the proper and just protection of the commercial interests of the United States.

Senator Platt predicted that the Platt Amendment would "settle" the Cuban problem. It did not do so. Similarly, the modification of it will not "settle" all Cuban difficulties; but it will, in my opinion, remove the most serious obstacle to better relations between Cuba and the United States, two countries closely connected by nature and mutual interest.

By a modification of the Permanent Treaty we can make a most important contribution to the development of Cuba's self reliance. We also shall finally fulfill our pledge recorded in the joint resolutions of the United States Congress of April 20, 1898: "That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction, or control over said island except for the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the island to its people."

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# THE STRUGGLE IN SPAIN

*By Luis Araquistáin*

TO GAIN an idea of the future of the Spanish Republic we must examine the various ideological tendencies of the social and political forces now struggling to dominate and transform it. As a point of departure for our study we shall analyze the state of these forces in November and December of 1933, because two events of extraordinary importance took place during those two months: the second general election of the Republic and the fourth anarcho-syndicalist insurrection to occur since the fall of the monarchy.

Superficially, the elections (which took place, first on November 19, and secondly on December 3) would seem to spell a disaster for the Republic which was declared under such smiling auspices on April 14, 1931. In the constituent assembly elected in June of that year the non-republican parties of the Right — the Agrarian Party, the Basque Nationalists, etc. — had some 30 deputies. In the new Cortes they have 200 out of a total of 473. The republican parties of the Left — Radical-Socialists, *Acción Republicana*, Federalists and Regionalists of Catalonia and Galicia — which counted some 130 deputies in the constituent assembly, returned only about 30 to the new parliament. Four ministers found themselves without seats. The Socialists had 70 deputies, scarcely more than half the number in the first parliament. Alone the Radical Party, commanded by Señor Lerroux, preserved and even somewhat augmented its original strength.

What is the explanation of so profound a change of public opinion? The explanation is very simple: the change is more apparent than real, as will be seen when we analyze the election results, and in any case is much less than the change which previously occurred in the parties themselves and in their relations with one another. First, I shall set forth some preliminaries.

In 1931, the old monarchist oligarchies and their *cacique* organizations throughout the countryside, frightened by the sudden advent of the Republic and by certain acts of popular violence, such as the burning of convents, allowed the electorate to vote as it pleased at the July elections, the freest and least corrupt ever held in Spain. In these elections were lacking the three coercive elements which traditionally affected Spanish voters

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(especially in rural districts) and determined their votes: the coercion of the public authorities by various devices adopted in the days of the monarchy to confuse the popular will and the results of the ballot; the moral coercion of the Church in pulpit and confessional; and the economic coercion of the landed proprietors. The result was a tremendous triumph for the Left, because the immense majority of the Spanish people, age-long victims of injustice and poverty, desired, as they still desire, a policy which will put an end to oligarchical privilege. During the two and a half years of the Republic the classes defeated at the polls in 1931, but actually intact, have reformed and reorganized themselves.

The Republican-Socialist government wished to smash *caciquismo* (bossism) by means of three basic laws: agrarian reform, mixed juries, and municipal districts. The agrarian reform proposes chiefly to place in the control of the people and of the rural unions the huge estates of Andalusia and Extremadura, with a view to their collective exploitation. The passage of this law would have given the agrarian population of the south and east of Spain economic independence, without which political liberty has been and will remain a pure myth. But the agrarian reform so far has been little more than a law on paper, because the men and organizations charged with its execution have shown perhaps the lowest level of efficiency in the entire government of the Republic.

The law of mixed juries, or arbitrators, between masters and workers, which already existed to deal with conflicts between capital and labor in industry and commerce, and which the Republic extended to agriculture, was aimed fundamentally at ending the system of starvation wages which has obtained for centuries in the country districts of Spain. When the Republic was inaugurated, wages of one-and-a-half and two pesetas were current for a day's work from sunrise to sunset, and that only for five or six months of the year. During the rest of the year unemployment was almost absolute. Even during the first year of the republican régime the average agricultural daily wage rose to five or six pesetas, and at harvest time to eight or ten pesetas, and even more in certain districts, thanks to the work contracts arranged by mixed juries.

This improvement was also induced in part by the law of municipal districts, perhaps the most revolutionary of all the laws

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dictated by the Republic. This law strikes the old *caciquismo* at its very heart. It simply prohibits the admission of workers from other districts so long as there are unemployed in the district itself. Under the monarchy, the migration of workers from one locality to another was fomented, with a double purpose: first, to lower wages by providing unlimited supplies of labor; second, to compel the workers in each district to vote at election time for those who controlled the local *caciques*, on penalty of being replaced by strangers. The new law tended to restrict the economic and political power of the landowners over the workers in each district, by eliminating the competition of cheaper and more submissive labor.

The common denominator of the reactionary parties is control of the land, and thereby political and economic control over the working classes. But there are different shades which distinguish the various parties; and these I shall now briefly explain. There are four leading parties. The largest, with 110 representatives, is the *C.E.D.A.* (*Confederación Española de Derechas Autónomas*), a group of provincial political organizations which has adopted the parliamentary title of the *Minoría Popular Agraria*. It is controlled by Señor Gil Robles, a professor at the University of Salamanca, and the majority of its members are relatively young men, between the ages of thirty and forty. The two main planks in their platform are the preservation of landed property and the defence of the Catholic religion. Their aim is to organize Catholic trade unions such as existed in Italy prior to Fascism and in Germany prior to National Socialism, and such as still exist in Belgium. In accordance with the opportunist doctrine of the Catholic Church, their leader has declared his indifference to the actual form of government and his support of the Republic as the existing régime. If the Republic is consolidated as a parliamentary system, this Catholic Party may become a powerful force permanently, though it can hardly maintain its present numerical strength.

The next largest, with 36 representatives, is the Agrarian Party proper, which is also Catholic, but places its landed interests ahead of all other considerations, political or religious. Although most of the members came from the old monarchist parties, shrewd opportunism and the chance of influencing the destinies of the Republic have caused them also to regard the form of government as incidental. The future of this party is not very

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clear. It is probable that an irreconcilable minority — like the *C.E.D.A.* minority — will join the frankly monarchist party, and that the others, in the course of time, will merge with the party led by Gil Robles. The program of these two parties is simplicity itself: to abrogate or distort the new social laws, as well as those which restrict the power of the Church, particularly those prohibiting the religious orders to teach or engage in lucrative industrial or commercial activities. In general, these parties accept the separation of Church and State, but demand a Concordat with Rome.

Amongst these parties of the Right there remain to be mentioned two avowedly monarchist parties, both of no numerical importance: *Renovación Española* — 15 representatives — whose aim is to restore the Bourbon-Hapsburg dynasty, overthrown on April 12, 1931, and the traditionalist group — 20 representatives — who are survivors from the old Carlist Party. From a parliamentary point of view, these two parties have no future; their rôle will be that of the Camelots du Roi in France, but they lack the talents of *l'Action Française*.

Outside the national orbit of this constellation, but akin in tendency, there is a fifth group, the Basque-Navarre minority, which is likewise Catholic and ultra-conservative. But as soon as autonomy has been granted to the Basque country, as will certainly be done by the present or next Cortes, this minority will lose interest in national politics and concentrate on regional problems. This is happening with the Catalan parties, now that they have achieved local autonomy, and it also will happen to the *O.R.G.A.*, or Galician autonomist party.

To the Left of these parties of the Right is the Centre Party of the Republic, the Radicals under the leadership of Alejandro Lerroux. Demagogic and bordering on Anarchism in its remote origins — it is the oldest republican organization — this party is situated in the temperate zone of the Republic, and represents, or aspires to represent, the non-agrarian interest of the Spanish middle classes. Its importance in the development of republican politics has been immense. It separated from the Republican-Socialist government, of which it was a part, on learning that, being the largest and most historical republican force in the constituent assembly, next to the Socialist minority, it was being passed over in favor of newer policies and in favor of younger men, like Señor Azara. He was president of several cabinets,

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breaking angrily with the men and parties with whom he had collaborated in the setting up of the Republic. He contributed more than anybody else to the dissolution of the constituent assembly in October 1933, by reason of his prolonged and powerful opposition to the Republican-Socialist government, when the latter had not yet completed their labors and some of the Republican parties were torn by internecine strife.

The first government of Señor Lerroux, formed in September 1933, hastened to suspend law of municipal districts, and also began to maladminister the law of mixed agricultural juries. Both laws had been bitterly opposed by the parties of the Right, who essentially represent the interests of the rural proprietors of the feudal and large landowning type.

Since the time of Romero Robledo, the great master of the art of currupting elections under the monarchy, there had not been an electoral contest in Spain as corrupt as that of 1933. The parties of the Right, in alliance with Señor Lerroux, squandered money by the handful — it is calculated that at least ten or fifteen million pesetas were invested, principally donated by the landed aristocracy — not on legitimate propaganda, but on buying votes, taking advantage of the unemployment and poverty of a section of the rural population. If the voters were so heroic as to resist bribery, in spite of their hunger, they were threatened with not being taken back to work if they did not vote for their old bosses; and when they also resisted this, the threat was fulfilled. At this moment, in thousands of Spanish villages, workers affiliated with the Socialist Party, or with the unions connected with the *Unión General de Trabajadores* are everywhere denied work. If there is a shortage of men in one locality, they are brought from another. The law of municipal districts does not function at all.

In addition to these means of economic coercion, *pucherazo* was practised as never before. This classical word in Spanish electoral slang signifies counting in favor of a candidate the votes which have not been cast, either due to the voluntary abstention of the voters or because they have been forbidden access to the booths by the armed agents of the parties protected by the government and its immediate embodiment, the local authorities. This method is usual in remote villages, in inaccessible mountain regions, where the parties of the Left, being very poor, have no inspectors to prevent fraud, nor notaries before whom they can

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testify. As many victorious candidates cynically confessed, there were more *pucherazos* in the last elections than in the best days of the monarchy. Those elections, so far as the methods were concerned, were typically monarchist.

In passing, I must also say that the Church worked as never before, with its powerful press, from the pulpit and the confessional, for the triumph of the Catholic candidates. The campaign was directed by the active and intelligent Nuncio at Madrid. As Henri IV found that "*Paris vaut bien une messe*," the Roman Church must have decided that the desired abrogation or modification of Article 26 of the new Spanish constitution was worth some sacrifices. This is the article dissolving the order of the Jesuits (without, however, expelling them from Spain, as did His Most Catholic Majesty Carlos III in 1767) and limiting the scholastic and economic activities of the other orders and of the clergy in general.

One of the greatest errors of the constituent assembly was the passing of the electoral law now in force. According to this law, a candidate must win forty percent of the votes cast. If no candidate achieves this figure there is a second election; and this result stands, whatever the proportion of votes. The authors of this law thought that the Republican-Socialist parties would maintain the coalition of 1933, and that, in almost every electoral district, those parties would win by the necessary majority. The law puts a premium on large coalitions. All these calculations proved erroneous. The Republican parties and the Socialist Party fought separately in almost every district. On the other hand, the Radical Party joined with the parties of the Right, with the avowed monarchists and with those who were wavering.

The following was the result: Of the thirteen millions, in round numbers, listed in the last electoral census — including both sexes — somewhat more than eight millions voted. The coalition of Centre and Right obtained 3,385,000 votes. To this coalition belonged the *C.E.D.A.* (*Confederación Española de Derechas Autónomas*), the Agrarian Party, the monarchist *Renovación Española*, the Traditionalists (the old Carlists), the Conservative Republicans (of Miguel Maura), the Republican Democratic Liberals (of Melquiades Alvarez), the Radical Party, and maybe others. At least seven parties in all. The Radical Party fought alone in some districts, getting 700,000 votes; that, added to the others, gives a total of a little more than four million votes, that is,

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one half of the votes cast. Proportionately, therefore, this would give the Right and Centre parties half of the 473 deputies composing the Chamber, in other words, 236. Nevertheless, according to the data available as these lines are written — incomplete data, as the Chamber has not been constituted — it is calculated that these seven parties will have 335 representatives, that is, 42 percent more than the number of votes they secured.

The Socialists obtained 1,722,000 votes in the districts where they fought independently, and they would be entitled to 102 representatives instead of 60, or 70 percent more than they now have. Allied with the *Esquerra* (Catalonian Republicans), and with the Republicans in a few districts in the rest of the country, they certainly polled 700,000 votes more which, added to the previous figures, bring the total to 2,400,000. This number of Socialist and Republican-Socialist votes is the equivalent of some 142 representatives; but there are scarcely 80 in the new Cortes. The votes of the Republican parties who did not ally themselves with the Radicals or Socialists, and the Communist votes (some 145,000), amount to 785,000. This would call, on a proportional basis, for 45 representatives; but there are only 11.

As may be seen from these facts, the Republican parties were crushed, not by the Right but by an absurd electoral law. If the Republican parties had remained united for the elections, even supposing that the Socialists did not join the alliance, it is doubtful whether all the parties of the Right together would have totalled even a hundred representatives; with any sort of proportional representation, they would probably have gained even less, especially if the authorities had refrained from political and economic coercion.

Despite appearances — the result of an absurd electoral law — Spain continued in 1933 to be as republican as it was in 1931. Rarely in any country has any parliament so falsely represented the national will as the second parliament of the Spanish Republic. It is not possible to calculate the votes obtained by each one of the coalition parties. But there can be no doubt that none of them would approximate to the 1,700,000 votes polled independently by the Socialists, not to mention those of the aforementioned coalitions with the Republicans. The Socialist Party undoubtedly represents the greatest electoral force in Spain. Born in 1872, under the influence of Lafargue, Karl Marx's son-in-law, who had come to Madrid, its development has been slow,

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because of its simultaneous struggle against anarchism and monarchism. But though slow it has been steady. The advent of the Republic showed that it had back of it huge masses of citizens who until then had had no way of making themselves felt.

The Radical-Right alliance, formed with a view to the elections, called itself the anti-Marxist coalition. In their press and campaign speeches its leaders represented the Spanish Socialists as savage hordes, who had burst up from below in order to destroy wealth, culture, religion, the family, and all other traditional values. What was the basis for this terrifying image of Spanish Socialism? None. Any liberal party in any civilized country would subscribe to its work in the administration of the Republic. It had helped to build seven or eight thousand schools in a country where three or four times as many are necessary, and where more than half the population can neither read nor write. Through mixed juries and the laws of municipal districts and of agrarian reform it had tried to put an end to starvation wages and to shake the immense power, social and political, of the landed aristocracy and bourgeoisie. It had tried to stimulate the development of the national wealth and to diminish compulsory unemployment (the unemployed are estimated at something more than half a million) by promoting irrigation and other public works.

The destructive activities of Spanish Socialism consisted in sanctioning a few modest lay laws which cannot scandalize anyone who realizes the necessity for a nation to be sovereign in its own borders, and some exceptional measures of expropriation, dictated by Señor Alzana's government against the authors and accomplices of the monarchist rising of August 10, 1932. It has not even modified the system of taxation, which relies chiefly on indirect taxes. Spain is the one country in Europe where the rich contribute less and the poor more to the support of the state. If the Socialists sinned at all, during the time when they had three ministers in office, it was in the direction of excessive moderation; the working classes accepted that moderation with resignation, for the sake of the general welfare of the Republic; the privileged classes would not accept it, but instead tried to discredit the collaboration of the Socialists by depicting them as a monstrous creation of Marxism.

It would matter little if this hostility towards the Socialists were merely unfair. But it is also highly dangerous. Those who are anxious to destroy the Socialist political organizations

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and unions seem to forget that, if they succeed, they will also remove the last bulwark which now keeps the working classes within the laws and politics of gradual change. If that bulwark falls what will prevent the onrush of communism and anarcho-syndicalism, that is, the most violent forms of social revolution?

Hitherto the development of communism in Spain has not gone very far. There are three or four tiny communist parties, all fighting amongst themselves for the title to purest orthodoxy. They lack leaders, and such as they have are mostly disgruntled deserters from other political camps. There is only one communist representative in the new parliament. Nevertheless, in some manufacturing districts in the north, like Bilbao, in certain towns in Asturias, and in a few provinces of Andalusia, there was a noticeable increase in the communist vote at the last elections. If the Socialist Party should decline as a result of processes of natural attrition, or as a result of persecution by the Right, a part of the disillusioned or antagonized masses would go to swell the ranks of the Communist Party. The conservative classes who would like to silence socialism in Spain do not perceive that they are thus contributing to the increase of communism. As they leave Scylla they approach Charybdis.

But this would not be the worst. After all, communism is a theory of government like socialism and as such it is not repugnant to historic reason, even though its postulates may displease certain social classes. The same cannot be said for anarchism which, as we know, denies the state and authority in any form. It is an ideal of perfection which can exist only in the world of utopian imagination and abstract philosophy. In the real world in which we live, anarchism could only lead us to social chaos and, as a reaction, to instinctive dictatorship. The greater part of the masses who follow socialism in Spain today, would, if it were to degenerate or be destroyed, take refuge in the *F. A. I.* (*Federación Anarquista Iberica*) and the *C. N. T.* (*Confederación Nacional del Trabajo*), which represent anarcho-syndicalism, anti-state syndicalism.

The history of Spanish socialism is chiefly the history of the struggle to turn the working classes away from the myths and methods of anarchism and anarcho-syndicalism. The two doctrines penetrated into Spain almost simultaneously. In 1868 arrived an Italian deputy, Giuseppe Fanelli, who came as repre-

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sentative of the Social Democratic Alliance, anarchist despite its title, which had been founded in Switzerland by Bakunin in opposition to the International Association of Workers, or First International, under the influence of Karl Marx. Fanelli created the Spanish Regional Federation, allied to Bakunin's organization.

From the very beginning, anarchist propaganda caught on in Spain with an enthusiasm and intensity unknown in any other country. Proof is that whereas in the rest of the world anarchism has either totally disappeared, or has evolved into legal forms, or has simply been reduced to a school of philosophy, in Spain alone it preserves its original organization and virulence. We saw this in the four anarcho-syndicalist risings which have occurred since the inauguration of the Republic: the first in July 1931, the second in January 1932, the third in January 1933, and the fourth in December 1933, all four with increasing range and intensity. In the last, the insurrectionists had thousands of guns at their disposal and more than a hundred thousand bombs. There were revolutionary centers in numerous provinces, particularly in those where the socialist influence is weakest, and hundreds were killed and wounded. It was undoubtedly the most violent civil insurrection which has occurred in Spain for a century.

Why does anarchism persist in Spain? Some attribute it to racial reasons, to the peculiarly individualistic psychology of the Spanish, as manifested in certain Hispano-Arabic thinkers, in our mystics, in our art, and in the discoverers and conquerors of former centuries. Without denying racial and national influences, which obviously transform a universal political or religious idea into one of another type, adapting it to the character of the people in question, I believe that the reasons for the persistence of anarchism in Spain are more cultural and historical than anthropological. In the first place, it is noticeable that anarchism and syndicalism succeed better in those regions where the proletariat is least educated: in certain parts of Catalonia, in Aragon, on the Mediterranean coast, and in some provinces of the south and east. In Catalonia it has been not a cultural problem only. Anarchism, hostility to any kind of state, is complicated there by Catalan nationalism, sometimes federalist, sometimes autonomist, sometimes frankly separatist, which sees in the central state its historic enemy. On the other hand, we must remember that, even in Catalonia, the great anarchist contingent is drawn from

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the most illiterate provinces of the rest of Spain and from the ranks of the most unskilled labor.

Consider, for example, Hospitalet, a large suburb of Barcelona with some fifty thousand inhabitants. Hospitalet was one of the chief centers of the anarchist rising last December. The majority of the population is anarchist, and there are dozens of schools in which the children are taught arithmetic by setting the problems in terms of bombs, pistols and machine guns. In these schools the boys and girls practice complete nudism, and from the age of fourteen they are given complete sexual liberty. Further, I am assured that in Hospitalet sexual communism is widespread amongst the adult anarchist population. Note that the inhabitants of this suburb come, for the most part, from provinces other than Catalonia, and particularly from Murcia, in the south.[1] They are predominantly illiterate, and most of them are stonecutters. The typical anarchist usually begins as a young man, almost a youth, who generally can neither read nor write, and has not a skilled job. Anarchism is a seed which finds a rich soil in primitive and anti-historical mentalities.

Historically, anarchism has a further explanation in Spain. While in other countries education was spreading amongst the working classes, and while the state was becoming more humanized by the extension of political rights to all classes, the monarchist state in Spain, under a constitutional disguise, preserved all the characteristics of an Asiatic or Egyptian autocracy. To the Spanish anarchists the monarchist state was not only hateful intrinsically, but also because it was specifically a brutal and despotic state. This explains the otherwise strange fact that in the last third of the nineteenth century some of the republican parties were tinged with the federalist and anarchist ideas of Proudhon and that the anarchist organizations sometimes allied themselves with these parties.

Nevertheless, this thesis seems to contradict what has happened during the two and a half years of the Republic. The new régime has multiplied the schools and granted political and social liberties which did not exist before. Despite this, anarcho-syndicalism has revolted four times against the Republic. Those who revolted were not moved by any question of wages or hours. Nor could it be said that economic conditions were worse under the

[1] I am indebted for these facts to Francisco Madrid, author of a forthcoming book entitled "La F. A. I."

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Republic than they had been under the monarchy. On the contrary, as I have stated, wages rose considerably, not only in agriculture, but also in industry and commerce, and the eight-hour day is rigorously enforced everywhere. What, then, could be the motive of those four risings?

In the first place, there was probably an assumption that the republican state was much weaker than the monarchist state and, therefore, that it would be easier to overthrow it and establish libertarian communism. Secondly, there was the hope that if the rising failed the Republic would not be very harsh in suppressing it, and that it would be indulgent in the hour of punishment — which was the case. In the third place, there was the fear lest the new social legislation of the Republic should detach from the *F. A. I.* and the *C. N. T.* great numbers of workers, bringing them into the *U. G. T.* (*Unión General de Trabajadores*), which follows the ideas of the Socialist Party — as is indeed now happening. In this case, the object of the insurrections was to plant anew in the working classes the syndicalist myth of the general strike and the utopia of libertarian communism, maintaining by the magic of violence what cannot possibly be preserved by reason or by the experience of history. In the fourth place, there was the necessity for justifying the large subscriptions of the workers affiliated with the *F. A. I.* and the *C. N. T.* These two organizations, unlike the *U. G. T.*, give their members no account of expenses incurred. The Republic voted a law to control the accounts of all union organizations, but it has been only half-heartedly enforced. The financial abuses in the anarchist and syndicalist organizations have always been enormous. The only justification for their secret levies is revolutionary activity. Hence in these anarchist and syndicalist insurrections the ingenuous utopianism of the masses is mixed with plain criminality on the part of many leaders.

Anarcho-syndicalism is not necessarily a danger to the state; but it can be dangerous to a state of the liberal and democratic type, like the Spanish Republic. The dictatorship of 1923, imposed by General Primo de Rivera, had its origins precisely in Barcelona, and many people justified it as a remedy against anarchist and syndicalist agitation and the terrorist shootings which had preceded it in various regions of Spain, but more especially in the capital of Catalonia. The idea of a similar dictatorship still haunts the minds of some Spaniards. What are the possibilities that it might succeed?

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We may at once set aside any probability of a restoration of the monarchy. The private life of Alfonso XIII, financial aspects of his record, his great political blunders, and his flight on April 14, leaving his family behind, rendered him definitely unacceptable to the vast majority of Spaniards. His children suffer from an hereditary illness; they are the end of a race. Another dynasty, as in the nineteenth century, is not to be thought of. In the twentieth century when monarchies fall they fall forever; the republican idea is universal.

People talk of a secret fascist organization. In Spain there can be no fascism of the Italian or German type. There are no demobilized men, as there were in Italy; there are no hundreds of thousands of young university men with no future, nor millions of unemployed, as in Germany. There is no Mussolini, nor even a Hitler; there are no imperialist ambitions nor sentiments of revenge, no problems of expansion, nor even a bad Jewish problem. Out of what could Spanish fascism be concocted? I cannot imagine the recipe.

People refer to the military dictatorship of 1923, which lasted seven years, in the belief that history may repeat itself. The analogy is false. The apparent submission of the Spanish people to the *coup d'état* of General Primo de Rivera was more apparent than real. We all knew and said that this was the monarchy's last card, that the fall of the dictator would drag the throne into the abyss. It actually happened. Even the very stones would rise today against a military dictatorship. It might be pieced together secretly, although there are few regiments whose officers can count unconditionally on the non-commissioned officers and men. But if there is a dictatorship, there will be revolution. This was solemnly agreed to and proclaimed by the Socialist Party in plenary parliamentary session. It will certainly be supported by the *U. G. T.* and probably by the *F. A. I.* and the *C. N. T.* The dictatorship might conquer the revolution, but not without much bloodshed. If the military dictatorship were conquered, Spain for a certain time would be governed by a working class dictatorship of socialist tendencies.

Such are the forces today in Spain, political and non-political, visible or latent. The antagonisms which separate them are so profound and violent that it is not easy to fit them into the framework of parliamentary democracy. The new Cortes has aggravated the situation. As I write, we have the Lerroux Government,

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without a real parliamentary majority. It is a minority government whose life depends on how long it can count on the votes of the Right; and it can count on these only so long as Señor Lerroux, like another Penelope, is willing to unravel the social and lay legislation of the Republic. When he tires of this labor, or his partisans do, his government will be at an end. With the present Cortes no other government is possible, since a new parliamentary coalition of all Republican and Socialist parties is unthinkable. The parties of the Right, in turn, have also no parliamentary majority, and it can hardly be assumed that they would govern with the help of Señor Lerroux, if the latter's government falls because it lacks the support of those parties.

Everything points to the fact that the life of the present Cortes will be brief — a few months perhaps, just long enough to sanction the taxes, a new and more equitable electoral law than the present, and some minor matters. With this new electoral law, and with a genuinely republican government presiding over the elections, guaranteeing the freedom of the ballot against the coercion of all the old oligarchies, Spain may be given representatives in harmony with the national will. Then it is possible that the Republic will recover its political equilibrium and that parliament will again function efficiently. Another electoral mix-up like the last will finish the Republic as a parliamentary régime. For many it is, in fact already finished; they look only for extra-parliamentary measures.

One thing however is clear. The first and relatively peaceful stage of the Spanish political revolution terminated with the elections of November and December. They ushered in a new stage which, according to all indications, will not be so peaceful and will probably be less political and more social, whether we take the road to counter-revolution or resume the revolutionary route. All prophecy is bold. In this article I have tried to be a dry, if realistic, expositor rather than a prophet who prophesies what is agreeable.

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# THINGS NOT FORESEEN AT PARIS

*By Arnold J. Toynbee*

A HISTORY OF THE PEACE CONFERENCE OF PARIS. Edited by H. W. V. TEMPERLEY. London: Frowde, 1920–1924, 6 volumes.

IT IS certainly easy to be wise after the event; and yet this facile wisdom is sometimes illuminating; for life, after all, is a game of blindman's buff or a horse-race in which some dark horse is always the winner. If this is true of life in general, it is eminently true of the game of international politics; and it is true above all of peace conferences following general wars, when statesmen whom war exigencies and war psychology have carried into power meet together with the intention of settling the affairs of the world, once for all, in a kind of omnipotent seven days' creation.

At such a peace conference, at the end of a war which has involved the whole living generation of mankind and which has ended in a knock-out blow, the illusion of omnipotence is probably stronger than in any other social situation; for at such a moment there is, after all, an unusual concentration of power. One of two groups of belligerent countries has just been beaten and finds itself constrained, for the moment, to conform passively to the will of the victorious countries; and at the same time, in these countries themselves, "the general will" is given over into the hands of a few dominant personalities whom the war has brought to the front. It is quite natural that these war-made supermen, when they meet together in conference after the armistice, should succumb to the illusion that they have it in their power to make all things new. Yet, as a matter of cold fact, the subsequent course of history — which never stands still — has shown again and again that in such circumstances statesmen, so far from being exceptionally free, are prisoners of the bellicose feelings in the hearts of their constituents and, more serious even than that, they are the prisoners of the retrospective pictures in their own minds. For these statesmen would never

*Editor's Note.* This is the first of several articles which will examine, in the light of experience and later knowledge, some of the problems with which the world was wrestling a few years ago and some of the outstanding books written at the time. The general title of the series is "The Future in Retrospect."

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have come into power in wartime if their minds had not been specially sensitive to the particular issues on which this particular war was being fought and to the particular problems out of which it had arisen; and, long before they reach the peace conference, these images of things that are past — of things which the war itself has burnt to ashes in the process of burning itself out — are graven so deep on their minds that there is little or no chance of their being sensitive now to fresh impressions. Hence it is that the frustration of the intentions of the makers of peace settlements is one of the signal illustrations of the irony of human affairs. For in peace settlements, as in lesser transactions, the only hope of producing constructive and enduring results lies in perceiving those faint shadows on the far horizon that are cast, unobtrusively, by the things that are really to come.

This is as much as to say that the art of statesmanship lies in some kind of almost magical intuition; for the future, when it becomes present, turns out very often to be governed by some factor which was lying hidden in ambush at the time when the statesmen's decisions on future policy were being taken. This disconcerting commonplace of human affairs can be illustrated from many different fields of action. For example, the humanitarians who introduced compulsory universal primary education in the most progressive countries of our western world in the middle of the nineteenth century never foresaw that they were breeding human cattle to fill the stock-yards of two coming gangs of scoundrels: the anti-social men of genius who set themselves to win vast private fortunes out of the invention of the yellow press in the eighteen-nineties, and their successors in our own generation who have used the same arts upon the same semi-educated masses in order to capture them for Fascism or Hitlerism or the Ku Klux Klan or some other political propaganda. An even more topical illustration of the same point is the failure of the humanitarians who carried through the prohibition of alcoholic liquor in the United States to foresee that they were creating a market for bootleggers and were thereby putting unprecedented wealth into the hands of the criminal class. In the same way, in an earlier age, the makers of the Constitution of the United States failed to see that they were laboring for the benefit of political bosses who would exploit and pervert democracy through the ingenious construction of political machines. These examples are rather depressing, because they seem to indicate that statesmanship

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requires, as a condition of success, a degree of foresight which is virtually superhuman. Yet these are all clear cases in which the lack of this almost impossible foresight has led to the defeat and frustration and actual perversion of noble and benevolent aims. The children of darkness are wiser in their generation than the children of light; and if the enlightened champions of education and prohibition and democracy are so grievously outwitted, it is not surprising to find a still more crushing retribution awaiting those more dubious figures — drawn in chiaroscuro and compounded, very often, of less light than shade — who are apt to occupy the stage of a peace conference.

Take the case of the peace conference which sought to re-settle the world at Vienna in 1814–1815, after the last general war but one. The victorious statesmen at the Congress of Vienna had two fixed ideas which, between them, practically determined everything that they did. One idea was to hold France in check, because France since 1792, and indeed since the time of Louis XIV, had been the country which was perpetually threatening to overthrow the balance of power and to bring the world under its own domination. The second idea of the Vienna Conference was to vindicate the rights of dynasties (though not the equally valid rights of more ancient prince-bishoprics and republics) which had been trampled upon by the French Revolution and by Napoleon. Perhaps it was almost inevitable that these two ideas should wholly fill the minds of the representatives of the victorious anti-Napoleonic coalition who met in Vienna in 1814; yet their domination by these ideas was fatal to the permanence of their work, because both the ideas were based on past facts which were already on the point of becoming anachronisms. In the next chapter of history, the threat to the balance of power was actually to come not from France but from a then still downtrodden and divided Germany; and the restoration of 1814–1815 was to be the last triumph of the dynastic principle in a world which was to be dominated for the next century by the incompatible principle of nationality. The peacemakers of 1814–1815 were quite blind to the coming triumph of nationalism and liberalism — not to speak of such vulgar mechanic inventions as power-looms, railroads, steamboats, telegraphs and coal-gas. In fact, all the dominant factors — human and inanimate, political and economic — of the coming age escaped their notice; and accordingly their peace settlement was little more substantial than a World's Fair built

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upon the sands when the roar of the flood, coming down in spate, was already audible to more sensitive ears.

For the sake of the balance of power, the statesmen at Vienna partitioned Poland between three dynastic empires and subjected Venice to the Hapsburgs and Genoa to the House of Savoy because, in their political creed, *ci-devant* republics lacked the dynastic title to legitimacy. They forcibly united Belgium with Holland in the belief that they were thus creating an effective buffer against a renewed northward expansion of France. And they kept both Germany and Italy divided into a mosaic of petty dynastic states in flat defiance of both the two irresistible forces of nationalism and industrialism. In particular, they created a Rhenish province of Prussia, out of *ci-devant* prince-bishoprics, as a further buffer against France, and then left this new Rhenish Prussia geographically sundered from the main body of Prussia, which lay between the Elbe and the Memel, in order to preserve the dynastic rights of the Guelphs in Hanover. In retrospect, the Vienna settlement can be seen to have been so fantastically out of tune with the times that it seems remarkable that even the inertia following the Napoleonic Wars should have kept parts of it intact for as long as half a century. Yet the international history of the whole half-century following 1815 is mainly a history of the undoing of the things which the Congress of Vienna had done, in order that the overdue things which it had left undone might be tardily accomplished.

As the drama has run its course, Metternich and his colleagues have been confuted and confounded. Under the driving force of the consciousness of nationality, Belgium breaks away from Holland; yet this first breach in the Vienna settlement does not, after all, open the way for a renewal of French military expansion in the tradition of Napoleon I and Louis XIV. The Franco-Belgian frontier, which had been one of the worst war-zones in Europe for two centuries, becomes one of the most pacific and stable frontiers in Europe. Workmen bicycle across it in legions, twice a day, between a home on one side of the line and a factory on the other; and when Belgium, after a long breathing-space, again feels the tread of an invading army, the invader comes this time not from France but from Germany. Then the gap between Rhenish and Ost-Elbisch Prussia is progressively filled up: first by the Prussian Zollverein, then by a railroad, then by the Prussian annexation of Hanover and Frankfurt and one of the Hesses,

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and by the foundation of the North German Confederation in 1866, and finally, in 1871, by the foundation of the German Reich. Contemporaneously, national unity and territorial consolidation are achieved in Italy. The Hapsburgs disgorge first Lombardy and then Venetia. And finally, in our own day, the last enormity of the Vienna settlement is undone through the liberation and reunion of the three long-separated fragments of Poland. The march of history has made the wisdom of a Metternich look like foolishness; and, on the showing of this precedent, we, who have lived through the next peace settlement of the kind, are surely bound to ask ourselves whether history will deal more tenderly with the work of a Clemenceau and a Lloyd George.

When we look at the work of 1919–1920 in the light of 1814–1815, we notice at once one rather piquant detail. The dark horses of the previous peace settlements have become the favorites this time. To make the world safe for democracy, to vindicate the sacred rights of nationality, to keep the German menace to the balance of power in check — these are the ideas on which the peace settlement of 1919–1920 is based. When the peacemakers re-draw the political map of Central and Eastern Europe, they think in terms of nationality and of railways and of trench warfare between citizen-armies of infantrymen levied *en masse* and armed with rifles and bayonets. On the naval side, the victors are careful to deprive defeated Germany of dreadnaughts and submarines: the two types of warship that had been conspicuous in the late war. And as they lick their wounds, they salve themselves with large plasters of additional African and Asiatic territories (applied under the euphemistic name of mandates) and smack their lips as they prepare to quaff their monetary reparations.

The sardonic amusement which this bare recital of the follies of the Paris Peace Conference awakens in all our minds today makes it difficult for us to realize that it is only some fourteen years since these egregious acts were performed by the statesmen, and also difficult to remember that, at that time, the great majority of us were loudly applauding the statesmen for what they did and were threatening them with dire retribution if they tried to stop short at half measures.

"Make the world safe for democracy!" The slogan seemed plausible at the time; for, on the morrow of the Armistice of 1918, the old familiar enemies of democracy had been either edifyingly converted or ignominiously driven off the field. The arch-autoc-

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racies of the Hapsburg, Hohenzollern and Romanov dynasties (besides a host of lesser dynasties in the constituent states of the German Reich) had all been overthrown by the end of the war; and in every country the war had no sooner broken out than all but a tiny minority of each socialist party or labor party in each belligerent country had betrayed its theoretical internationalism and had rallied tamely to the defense of its own parochial bourgeois national state. In 1919–1920, the recent emergence of a militant heir to nineteenth-century socialism, in the shape of twentieth-century communism, seemed of so little account to the statesmen at Paris that they did not deign to treat with the new communist rulers of Russia — not even at the half-way-house of Prinkipo. And no Benito Mussolini had yet arisen to demonstrate that nationalism (which had already replaced Christianity as the *de facto* popular religion of the western world) was better served by a dictatorship than by a parliamentary system of democracy. In defeated Germany, as unquestionably as in those victorious English-speaking countries that were the mothers of parliaments, it was taken for granted on the morrow of the Armistice that the parliamentary system of government was the last word in political development: a self-evidently perfect political régime to which every country would ultimately attain and which no country that had once attained it would ever conceivably be tempted to discard. The vague and abstract Greek word "democracy," by which this peculiar institution of the mediæval kingdom of England and its political offspring had come to be known, slurred over the fact that parliamentarism was a special local growth which could not be guaranteed to acclimatize itself in alien soil. Yet the events of the last thirteen years have made this unpalatable but important truth impossible to ignore. We might refuse to read the signs of the times when an oriental Russia went over from autocracy into communism after having tried parliamentary democracy for the brief space of six weeks; for Russia was beyond our western pale, and the Kerensky régime was paralyzed by the intolerable sufferings of the war. But no parliamentarian can close his eyes to the significance of the portent of Fascism in post-war Italy; for Italy lies near the heart of our western world; she has made one of the greatest single contributions made by any country to our common western civilization; and in the nineteenth century her adoption of Anglo-French parliamentarism seemed to be of the essence of her national resurrection. In these circumstances,

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her repudiation of "democracy" (in our conventional use of the term) has made it an open question whether this political plant can really strike permanent root anywhere except in its native soil. After the Fascist Revolution in Italy in 1922, the National-Socialist Revolution in Germany in 1933 is no longer surprising.

Hitlerism brings out another rising force which the peacemakers ignored; for Hitlerism shows that the new dictatorial single-party form of government is really a vehicle for the political self-assertion of a hitherto politically neglected and impotent social class: the lower ranks of the white-collared and black-coated component of our modern, western, urban society. Hitherto, this lower middle class has been crushed between the upper millstone of organized capital and the lower millstone of organized labor; and in most parliamentarily governed countries these clerks and small shopkeepers have not been sufficiently well organized or sufficiently aggressive to be worth wooing in the eyes of the political machines. Today this class, driven to desperation by the sharpness of the turn of the screw during the economic crisis, is retaliating for this neglect by sweeping the old political machines away, and parliamentarism with them, in order to create its own newfangled political instrument for making itself master of the state in a naked class warfare with capital on the one side and with labor on the other. In Italy, this movement caught unawares so consummate a parliamentary machine-politician as Signor Giolitti; and it is perhaps possible that equally unpleasant political surprises may be awaiting equally well-seasoned parliamentarians in countries where the embryonic local Fascist movements are still a laughing-stock today.

Hitlerism, of course, is not merely one local manifestation of a world-wide revolt of the lower middle class. Though in the opinion of the present writer it is primarily a class movement, it is at the same time secondarily a national movement; and in this secondary aspect it represents the revolt of the German nation as a whole against the attempt, which has been made in the peace treaty of Versailles, to penalize Germany and differentiate against her and place her in a position of inferiority to the victors.

In this matter, the peacemakers of 1919–1920 (subject, as they were, to the moral pressure of their ignorant and angry populaces) behaved with notably greater folly than their predecessors in 1814–1815. For while the victorious statesmen at Vienna did take certain rather futile measures with a view to keeping France in

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check, they were sufficiently expert at their own business, and sufficiently free from popular dictation, to know and take to heart and act upon the elementary political truth that a victory is essentially a "wasting asset," and that a great nation is bound to recover sooner or later from the shock of even the heaviest defeat. In dealing with France in 1814–1815, the Allied statesmen did not forget — not even under the provocation of the Hundred Days — that the defeated country with which they were concerned was a Great Power, and, being Great Powers themselves, they were not so impolitic as to "slay the Lord's anointed." Accordingly, they were careful to leave France herself intact within her pre-war frontiers; they merely required her to cede the foreign territories which she had conquered since the outbreak of war in 1792; and they actually took their French colleagues into their counsels when the disposal of these ceded territories came under discussion. Hence, when the inevitable resurgence of France declared itself from 1830 onwards, the consequent international upheaval was relatively slight — compared to the more violent reaction of a more vindictively penalized Germany which has declared itself, just as inevitably, in 1933. Even so, the impression which the French militarism of 1792–1815 had made upon the rest of the world was so strong that, from 1830 to 1870, all the neighbors of France were on tenterhooks for fear of a fresh outbreak of French aggression; and when, in 1870, Prussia instead of France proved to be the dominant military power of the nineteenth century, the world was taken by surprise. At the present moment, our apprehensive attitude towards Hitler's Germany is not unlike our grandfathers' attitude a century ago towards the France of Louis Philippe and Napoleon III; and it is certainly possible that, owing to the greater folly of our latter-day statesmen in 1919–1920, the inevitable rehabilitation of Germany may prove a more violent and dangerous process than the corresponding rehabilitation of France after 1814–1815. At the same time, our present expectation that Germany will be the dangerous country now again, simply because she happens to have been the dangerous country from 1871 to 1918, may be as wide of the mark as the mid-nineteenth century alarums and excursions produced by the antics of Napoleon III; and we may wake up the day after tomorrow to discover, by costly experience, that the mantle of Prussia has fallen not upon the "Dritte Reich" but upon Japan.

The statesmen who constructed a peace settlement on the

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egregiously naïve assumption that Germany would lie permanently prostrate, because she had been prostrated by her defeat in 1918, could hardly have been expected to foresee the resurgence of Turkey and China and Mexico and Russia and the other countries of the world which possessed ancient civilizations of a non-western order. The assumption at the Paris Peace Conference in 1919–1920 was that all the non-western countries, like the defeated western country Germany, lay at the disposal of the victorious Allied and Associated Powers to deal with at their pleasure; and because the control and exploitation of Asiatic and African and Indonesian and Antillan dominions had been both feasible and profitable for western Powers during the eighteenth and nineteenth centuries, it was taken for granted that this fact of the past would hold good for the future. It is true that in this field, even at this stage, there were some gleams of intuitive prudence. For example, the United States avoided, by a hair's breadth, committing herself to a policy of military occupation in Mexico; and the United Kingdom embarked upon a policy of gradually bestowing self-government upon India as early as 1917. On the whole, however, at the Peace Conference, the victors showed all the traditional zest of western Powers for extending their rule over "natives" (though lip-service was now paid to democracy by calling the new "protectorates" "mandates" and by justifying the acquisition of these mandates on the plea that the former German and Turkish sovereigns of the mandated territories had shown themselves morally unfit to rule). At the Peace Conference of 1919–1920, France and Great Britain bickered with one another as each sought to jockey the other out of some part of its secretly stipulated share of the former Arab provinces of the Ottoman Empire; Italy bickered with both Powers alike over the question of how much African territory they were respectively bound, by wartime treaty, to cede to her in consideration of the additional African territories which they themselves were acquiring at the expense of Germany. Meanwhile, Japan was seeking to confirm her grip upon the former German leasehold and sphere of influence in the Chinese province of Shantung, and she was spreading her tentacles over Eastern Siberia. As for Turkey, the chronic "sick-man of Europe," he was now officially certified dead, and a fatigue-party of Greek soldiers was told off to bury the corpse and to strip it first, if they wished, in order to recoup themselves for their trouble. As for Bolshevik Russia, it was assumed that a few

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consignments of Allied munitions, and a slight stiffening of Allied airmen and railwaymen, would enable the Whites to overthrow the Reds and to manage the former Russian Empire happily ever after as bailiffs for the Allied and Associated Powers.

In this field of traditional nineteenth-century imperialism, the falsification of habitual expectations and the re-valuation of cut-and-dried values has been sensational. In 1919–1920, a prophet would have been laughed to scorn if he had had the hardihood to prophesy the victory of the Bolsheviks over Kolchak and Denikin and Wrangel, or the victory of Mustafa Kemal over the Greeks, or the victory of the Mexican revolutionaries over the United States oil-men, or the evacuation of Vladivostok and Kiao-chao by the Japanese. In the short space of the intervening fourteen years, imperialism has proved itself so palpably to have ceased to be a paying proposition that this change in the situation has actually impressed itself upon the crude western popular mind and has accordingly become one of the slogans of the western yellow press. Who would have prophesied, a dozen years ago, that the English yellow press would be screaming "Get out of Iraq and save the taxpayer's pocket" and the American yellow press screaming "Get out of the Philippines and get rid of Filipino competition with home-grown American crops"? Yet, marvellous to relate, this has happened; and, still more marvellous, the yellow press in this instance has reason on its side — as witness the tale of those ardently coveted and eagerly acquired mandates and protectorates which Great Britain and France and the United States have not yet succeeded in jettisoning. Syria, Palestine, Cuba, Haiti: it is a veritable catalog of vicious hornets-nests which their present victor-victims once fought tooth and nail to possess in the devout belief that these were snug beehives!

Let us close our tragi-comic survey with two more illustrations — one taken from the sphere of war and the other from economics.

In the sphere of war, the victors of 1918 sought, in 1919–1920, to reduce their defeated enemy Germany to permanent military impotence; and so, considering that the *levée en masse* of a citizen army had been the basis of military strength from 1792 to 1914, they condemned Germany to revert to a small professional long-term-service army in the belief that they were thereby thrusting her back into the antiquated military régime of the eighteenth century. Unfortunately for their policy, they failed to perceive (though by 1918 the fact was staring them in the face) that the

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citizen-army, of which they were depriving Germany, was merely a nineteenth-century interlude in the history of the art of war; and that, in an age when mechanical warfare was superseding mass-infantry warfare, the small professional long-term-service army would be the basis of military strength once again. It has taken not more than a dozen years since the ratification of the Versailles Treaty to make this fundamental change in the military situation apparent even to the cabinets and the general staffs; so that already we are witnessing the ludicrous spectacle of the Allied Powers begging Germany to give up the military establishment which they imposed upon her in 1920 and to revert to a conscript army, while Germany clings doggedly to the old military dispensation against which she protested so loudly.

As for economic policy, the destruction of life and wealth on an unprecedented scale from 1914 to 1918 left the statesmen of all belligerent countries firmly convinced that it was their public duty to stimulate industrial production and to foster "man-power" to the maximum possible degree; and they continued to think and act in terms of a dearth of foodstuffs and raw materials and manufactures and "hands" until overproduction and unemployment descended upon them with such virulence that these unlooked-for social scourges now threaten to sweep away our traditional western democracy, and our traditional institution of private property into the bargain.

What is the moral of this triumph of the unexpected all along the line? Assuredly it confirms Oxenstjerna's estimate of the littleness of the wisdom with which the world is governed; and, incidentally, we may observe that the conditions under which a statesman has to do his work have become distinctly more adverse since Oxenstjerna's day. In the seventeenth century, a minister of state had to prostitute such wisdom as he possessed to the caprices of an individual autocrat. Today the statesman is worse off than that; for today (and this in Italy and Germany as well as in England or the United States) he is at the mercy of a half-educated populace whose hearts and minds are swayed by the propaganda of adepts in the art of exploiting Demos for their own private purposes.

What shall we do to be saved? Our problem is to complete our education, and we cannot do this at our leisure, for time is of the essence of the problem with which we are faced. It seems to be a race between belated wisdom and premature death by suicide.

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# BRITAIN'S TRADE WAR WITH JAPAN

*By K. K. Kawakami*

TOWARD the end of the nineteenth century Gladstone prophesied that "it is America alone who, at a coming time, can and probably will wrest from us our commercial supremacy." At that time Japan had scarcely appeared on the economic map of the world. Secluded in the Far East, hers was still a land of fragile, pretty things — of the cherry blossom and the dancing girl. No British statesman could foresee that within half a century Japan would become, next to America, Britain's greatest commercial rival. Yet that is exactly what is happening today. Of course, there is no comparison between Japan and America in natural resources and in financial strength. Beside America Japan is but a pigmy. Yet in certain limited fields of industry she is a very grave concern to England.

Broadly speaking, America has to no small extent superseded Britain in heavy industries and as the world's financier. In this field England has nothing to fear from Japan, now or even in the future. It is in a limited number of light industries that Japan has been making serious inroads into the markets long monopolized by British manufacturers. But it so happens that chief among those light industries is the cotton industry, which is as essential to Great Britain as the more important of her heavy industries. It is one of England's basic industries.

Before the World War British cotton factories had a total of 55,000,000 spindles, more than one third of the world's entire number of spindles. In 1913 England exported 6,780,000,000 square yards of cotton fabrics, and dominated the cotton market of the world.

In 1932 England had 50,000,000 spindles, a decline of 5,000,000 as compared with the pre-war total. In the same year British exports of cotton fabrics totaled 2,200,000,000 square yards, a decrease of 4,580,000,000 square yards. This shows clearly that, while the decrease in spindles was not in itself so serious, the shrinkage in the exports of cotton fabrics was large enough to alarm even the most optimistic. It shows that even the reduced number of spindles were not fully employed — that many of the spindles remained idle either entirely or part of the time.

Meanwhile, what of Japan? Her cotton spindles increased from

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2,300,000 in the pre-war period to 8,000,000 in 1932, an almost four-fold increase. Although this increased total is only 16 percent of the British total, the productive capacity of Japanese mills is such that in 1932 they exported 2,030,000,000 square yards as compared with 2,200,000,000 square yards exported by British mills — a difference of only 170,000,000 square yards. This difference was still further reduced to 48,000,000 square yards in the first six months of 1933 — Japan having exported 1,035,000,000 square yards as compared with 1,083,000,000 square yards exported by England. Roughly speaking, the total world production of cotton textiles for export alone is 5,500,000,000 square yards per year. Of this total about 4,230,000,000 square yards are now supplied by England and Japan in almost equal amounts. The balance of some 1,300,000,000 square yards is supplied by the United States and other countries.

Here is food for reflection. Japan's 8,000,000 spindles, it seems, are turning out almost as many square yards of material for export as are England's 50,000,000 spindles. Is it because many of England's cotton mills are idle? Is it because the Japanese mills are better organized and better equipped?

The greatest battleground in the British-Japanese rivalry is India. Following the World War, Japanese cottons made steady inroads into that country, long monopolized by Lancashire and Manchester. In 1929 British India received from England 66 percent of its total imports of cotton fabrics, and 30 percent from Japan. In 1930 England's share declined to 59 percent, while Japan's increased to 35 percent. Again, in 1931 the percentage for England fell to 50, and that for Japan rose to 45. Finally, in 1932 Britain's share was 48 percent as compared with Japan's 50 percent. Translated into terms of square yards, British cottons imported into India in 1932 totaled 600,000,000, while imports from Japan amounted to 645,000,000. To the British that was the last straw. The British interests at home and in India, alarmed by this steady expansion of Japanese trade, caused the Government of India in August 1932 to raise the import duty on non-British cottons (which, in effect, meant Japanese cottons) from 31 percent to 50 percent, while the duty on British cottons remained the same as before, namely, 25 percent.

The discrimination thus introduced against Japan was great enough. But on April 10, 1933, the Indian Government, through the Government at London, notified Japan of its intention of

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terminating within six months the Indo-Japanese Treaty of Commerce with most-favoured-nation provisions, thus paving the way for further discrimination against Japanese cottons. The treaty, which was to have ended on October 10, 1933, has been extended from month to month. On that day, however, the Indian Government issued an Act for the Safeguarding of Industries, which authorized the Viceroy to impose at his discretion higher duties upon foreign goods which were imported at such a low price as to jeopardize native industry. Invoking this Act, the Viceroy on June 6 increased the duty on Japanese cotton goods to 75 percent as compared with 25 percent levied upon imports from Lancashire and Manchester.

In the meantime, embattled Britannia moved with amazing swiftness and extended her line of defense against Japanese trade over almost the entire front of her far-flung economic empire. On May 14 Egypt began to impose upon Japanese imports an extra duty of 35 percent. On May 15 the Government at London announced the termination within one year of the Commercial Treaty between British West Africa and Japan. On June 16 the Straits Settlements raised duties against Japanese cottons. On June 26 British East Africa adopted a similar measure. On June 29 Australia, too, adopted an anti-dumping law which went into effect on December 5.

Despite all these precautions the British position, especially in India and Australia, the two most important "colonial" markets for British goods, is far from invulnerable. First let us examine the Indian situation.

During the ten years 1921 to 1931 inclusive Japan bought from India an average of 1,600,000 bales of raw cotton (worth 240,000,000 yen) per annum. Should Japan retaliate against British exclusion by boycotting Indian cotton, a majority of the cotton growers in India would be ruined. As a consequence, the purchasing power of the natives would be so curtailed that British manufacturers would derive little benefit from the exclusion of Japanese goods. The only remedy would be for Lancashire and Manchester to take the place of Japanese mills and buy Indian cotton. But Lancashire and Manchester have not been buying and will not buy Indian cotton. A century ago it was they who encouraged cotton culture in India. For some decades they imported raw cotton from India and exported manufactured cottons to the same country — a transaction which was highly profitable

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to the British. But when the southern states in America developed cotton culture Lancashire and Manchester gradually shifted their source of supply from India to the United States, until India was practically left in the lurch. Had not the Japanese mills come to the rescue, Indian cotton farmers would have been in a sad plight. Today the mill operators of England might gladly resume buying Indian cotton in order to recapture the Indian market for their products. But the mill workers, having long used American material of finer quality, refuse to handle Indian cotton, which they claim to be insanitary. Furthermore, the British mills are equipped to manufacture textiles of finer quality, and unless they change the entire equipment they cannot use coarse Indian cotton.

For India, and to a lesser degree for England, to exclude Japanese fabrics is to kill the goose that lays the golden egg. Let us drive this point home. In the past twenty years Japan bought from India materials worth 2,600,000,000 yen more than what she sold to that country. In the same period England sold to India materials worth 2,300,000,000 yen more than what she bought of that country. In other words, Japan poured into India 130,000,000 yen annually, while England took away from India 110,000,000 yen every year. To a very large extent, then, it is what India receives from Japan which enables her to pay for the goods imported from England. Let the Japanese stop paying India the 130,000,000 yen a year, and British exports to that country will decline. The plain fact is that England has been selling much to India and buying little in return — a one-sided practice which has been possible only through the operation of certain political factors and by reason of the Japanese annuity paid to India. Did not even President McKinley, that protagonist of protectionism, admit that "if we will not buy, we cannot sell"?

It is no doubt the realization of this obvious fact on the part of England which moved the Indian Government and the Government at London, after *pourparlers* of four months with Japan, to agree, on January 8, 1934, to a three-year arrangement under which India is to buy from Japan cotton fabrics not exceeding 400,000,000 square yards a year — 138,770,000 square yards less than the figure for 1932. In return, Japan is to buy 1,500,000 bales of Indian cotton, 100,000 bales less than the total for 1932. India is to levy a 50 percent duty on Japanese cotton goods, while duty on British goods is to remain at 25 percent. This agreement,

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which is based upon the principle of live and let live, is the first of the kind concluded on so large a scale, and may become the model for similar agreements which will have to be made among other countries.

Had no compromise of this nature been reached, the Japanese mill operators would have boycotted Indian cotton. In fact, the Japanese Cotton Spinners' Association, a powerful organization comprising all the leading cotton manufacturers in the country, adopted on June 13 a resolution for a boycott. Although the British think that Indian cotton is absolutely indispensable to Japanese mills, the Japanese operators take the contrary view. In their opinion, American cotton can take the place of Indian products, while Persia, China, Turkey and New Guinea will supply short-staple cotton to be mixed with long-staple American material. The only obstacle is the high price of American cotton. During 1932, when the price of American cotton was unusually low, Japanese ships carried away more than two million bales from Galveston, Savannah and New Orleans — which caused some American newspapers to guess that Japan was using the cotton to make gunpowder to be used in the fracas with China!

Australia *vis-à-vis* Japan is in much the same position as India. Sheep culture is to her what cotton culture is to India. Roughly speaking, Japan has for years been buying from Australia 100,000,000 yen more than she sold to that country. In 1932 Japanese purchases from Australia amounted to 134,000,000 yen as against 36,000,000 yen paid by Australia for Japanese goods. Wool, of course, is the chief Australian export to Japan. And yet Australia, acting upon the Ottawa agreements of July 1932, raised a tariff barrier against Japanese imports which had never been large — another instance of killing the goose that lays the golden egg. What would happen to Australia's all-important sheep industry should Japan turn to Argentina for her supply of wool? Japanese manufacturers are confident that this can be done. Although South American wool lacks the merino which is found in Australian wool, this will not be a serious disadvantage, because in Japan merino is used chiefly as a raw material for muslin — a material for which a substitute can easily be found.

It is perhaps fear of Japanese boycott of wool which has caused Australia to contemplate stationing a diplomatic representative in Tokyo, much as Canada stations a minister in Washington. It is also reported that of late Australia has somewhat increased her

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imports from Japan. At this writing, Australia's Minister of Foreign Affairs is on his way to Tokyo to confer with the Japanese Government on trade questions.

It will serve no good purpose for England to drive Japanese trade from India, Australia and other British Dominions, for then the Japanese will surely contest British trade in other countries, notably South America, where British textiles have been preponderant. Iraq, under British mandate, has recently ordered from Japan khaki drill in considerable quantities for the army, which caused an outcry in Lancashire and Manchester. Furthermore, Japanese trade is penetrating into Kenya, Congo, Uganda, Tanganyika, Ethiopia, Turkey, Syria, Persia, Afghanistan, etc. In a recent book,[1] I commented upon the action of the League of Nations in virtually encouraging an anti-Japanese boycott in China, and said, "The League's chickens will come home to roost." And they did. China is Japan's nearest and natural market. Drive out Japanese goods from China and they will seek new outlets in other parts of the world.

Nor is this surprising when we consider that foreign trade is to Japan a matter of national existence. Japan, devoid of natural resources, and with a population growing at a rate of almost one million a year, has always been and still is buying more than she sells abroad. In the thirteen years from 1920 to 1932, Japan's imports exceeded her exports by 3,448,000,000 yen. In the same period she borrowed abroad about 820,000,000 yen, which in effect paid for a part of the excess imports. Obviously she cannot keep on borrowing indefinitely. If she is to stop borrowing she must reduce excess imports and establish a more favorable trade balance. It was with this end in view that Japan went off the gold standard in December 1931, and that she is going forth to extend her trade to the remotest corners of the world. Due, no doubt, to these efforts, the excess of her imports over her exports for 1932 was reduced to 21,470,000 yen. This is a remarkable achievement when we remember that in 1924 the excess rose as high as 646,000,000 yen.

There is no doubt that the depreciation of the yen has been an important factor in Japan's trade advance in the last two years. But the depreciated yen is but a passing phenomenon. When the gold standard is reëstablished in Japan the export of Japan's cotton fabrics may suffer a temporary setback. But that it will

[1] K. K. Kawakami, "Manchoukuo, Child of Conflict." New York: Macmillan, 1933.

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resume its advance there is no doubt, because her cotton mills are today admittedly the best-managed, the most advanced and efficient in the world.

Soap-box orators denounce a low standard of living, "coolie" labor, the sweat shop, a "cheap" yen, etc., as the secret of Japan's success in the cotton industry. But that is merely to evade the real issue. The valor of ignorance is no valor at all. Far better is it for British manufacturers to seek counsel with such unbiased experts as Dr. Arno S. Pearse, for many years General Secretary of the International Federation of Master Cotton Spinners' and Manufacturers' Association, with headquarters in Manchester, England. On January 11 last it was reported from Geneva that the League of Nations, alarmed by Japan's trade expansion made possible by "coolie" labor, asked the International Labor Office to make an investigation. It is to be hoped that the League will not once again prove itself unfamiliar with the problem it essays to solve.

In 1929 Dr. Pearse spent a few months in Japan, looking into her cotton industry. His conclusion was that England had much to learn from Japan in this field. He found the Japanese like the Americans rather than like the British in that they did not, in industrial enterprises, stick to tradition but were quick to adopt new and advanced methods and instruments.

The treatment of Japanese mill operatives, as pictured by Dr. Pearse, seems to set at rest the bogy of "coolie labor" so often conjured up by foreign orators speaking against Japanese industry. Describing the dormitories of a typical Japanese mill, he says:

> Each room is provided with the usual alcove, the most distinguished place in every Japanese room. There will be found a little altar, books, and writing materials. There will hang a Japanese scroll-picture, or the portraits of the Emperor and Empress. Fresh flower decorations are placed in every room. Scrupulous cleanliness and tidiness reign supreme in the dormitories. . . .
>
> The welfare work undertaken by the Japanese mills calls for the admiration of anyone who takes the trouble to investigate it impartially. About 80 percent of the operatives live on the premises, and two hours are daily devoted to schooling. Not only is the ordinary school curriculum provided, but practical subjects and even ethics are taught. The mill operatives of Japan are all able to read and write, and their general standard of education must be quite up to the standard of the mill operatives of Europe. Every operative has a bath daily, and dormitories in which the operatives sleep are an example of cleanliness and comfort.

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Even in China the Japanese-owned cotton mills treat their Chinese employees far more generously than do other mills. When, in 1925, the Chinese laborers of the British-owned cotton mills in Shanghai went on a strike, and even resorted to violence, the Japanese mills there were immune from the disturbance.

In the Occident, society is founded upon individualism, and human relations have been governed largely by the legal sense of individual rights. When the Industrial Revolution descended upon Europe what sentiment of personal attachment had existed between the employer and the employee was swept away. In Japan, on the contrary, society is founded upon the family system, and the family sentiment of mutual attachment has for centuries been a dominant factor in the intercourse among individuals. Not only has the Industrial Revolution failed to destroy that sentiment, but its impact has been mitigated by it. No foreign critic who overlooks this important point can really understand the labor problem of Japan.

Much nonsense has been talked about the Japanese standard of living as compared with the western standard. The truth is that there is no higher or lower, no superior or inferior standard of living as between Japan and the West. The question is simply one of difference. Transplant a Japanese mill hand to Lancashire, give him an iron bed with a soft mattress, put him on a ration of bread and butter, beefsteak, coffee and cream, and he will go on a strike, demanding Japanese bedding spread on a matted floor, and a ration of fish, rice and vegetables which, to him, are more palatable and wholesome. It is the misfortune of the British or American that his standard calls for higher-priced materials than the Japanese, that is all. Despite the advent in their midst of Western culture, which Norman Douglas characterizes as "frowsy and fidgety," the Japanese still cling to the simple life, and are satisfied with fewer worldly things than are coveted by their Occidental brothers.

From which it follows that the wage scale of Japanese mill operatives should not be judged by the British standard. In 1930, Mr. Charles K. Moser, now Chief of the Far Eastern Section of the Bureau of Foreign and Domestic Commerce in the American Department of Commerce, went to Japan and, like Dr. Pearse of England, made a study of her cotton mills. Taking a large cotton mill at Tokyo as a typical example, Mr. Moser reported that the average daily wage of all male employees was 2.09 yen or $1.045

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at the rate of exchange then prevailing. In addition, they were given a semi-annual bonus of 164.77 yen, or, counting 26 work-days per month, 1.55 yen per day. So the average daily wage of a male hand amounted to 3.64 yen, or $1.55. The female operatives are mostly daughters of peasants and are recruited from rural districts. They enter the mills at from 14 to 17 years of age, and their average tenure is about three years. They then leave to get married, and only rarely return to the mill service. The average earnings of a female employee are 1.55 yen per day. She is charged, however, 15 sen per day for her food, the actual cost of which is 45 sen, or 30 sen more than she pays for it. So the actual wage is 1.85 yen per day. In addition, she receives a semi-annual bonus of some 33.34 yen. This increases the actual pay of a female employee to 2.06 yen per day.

This was the condition found by Mr. Moser in 1930. Since then the world-wide depression has resulted in a substantial reduction in the wages of cotton mill workers. And the reduced wage scale, when spoken of in terms of dollars or pounds at the current rate of exchange, is ridiculously low. That is what has caused so much ado among foreign critics. But the important thing to be remembered is that in Japan a yen is still a yen, with its purchasing power not radically impaired.

In an earlier paragraph it has been pointed out that Japan's 8,000,000 spindles produce almost as much cotton fabrics for export as England's 50,000,000 spindles. How can this be? No doubt it is partly because many of the British spindles are idle, but that is not the entire explanation. A more complete answer is found in the reports by Dr. Pearse and Mr. Moser. In Dr. Pearse's opinion, the Japanese cotton mills are better organized and managed than those in England, while Mr. Moser expresses much the same view in comparing American and Japanese mills. The centralized method generally followed in Japan of importing raw cotton and of exporting manufactured yarns and fabrics is far superior to the British method. It eliminates waste, securing raw material at the lowest price and commanding the highest price for manufactured cottons. There are in Japan only four or five firms which buy raw cotton for the mills, and which also sell yarns and fabrics for them. Three of them handle 80 percent of all raw cotton imported to Japan. On the contrary, Lancashire and Manchester depend upon innumerable small importers.

One of the important phases in the management of Japanese

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cotton mills is the absence of "hedging." The mills, whenever they consider prices right, purchase large quantities of raw cotton. One single firm often orders ten thousand bales in a single day. "It was a great surprise to me," writes Dr. Pearse, "that not one of the big combines and very few, if any, of the financially weak mills hedge their cotton purchases. I was assured time after time that it is quite a common occurrence for these combines to have 30,000 or 50,000 bales and at times even 80,000 bales unhedged." By this practice — a practice uncommon in England — they reap handsome, often enormous, profits from purchases of raw material alone.

The Japanese method of mixing raw cotton of various staples in order to produce yarns or fabrics of various grades to meet the respective tastes and requirements of the countries to which they are shipped, is, according to Dr. Pearse, "an art of which the Japanese mill managers are justly proud." It is a secret jealously guarded by all mills. The proportion of the various materials in the mixture varies to harmonize with the local conditions of the purchasing countries. The Japanese mills endeavor to produce what the purchasers want, and not what they think the purchasers should like. That is why Japanese cotton goods have won new markets.

In the weaving industry Japan enjoys a great advantage over her western competitors by reason of the increasing use of a superior loom known as the Toyoda Automatic Loom, so named after its inventor. So superior is this loom that in 1929 Platt Bros., of Oldham, England, procured the exclusive right to manufacture and sell Toyoda looms upon a royalty basis in Great Britain, on the continent of Europe, and in British possessions. In 1930 a number of Toyoda mechanics went to England to instruct the Platt engineers in the process of setting up a new factory for the manufacture of the new loom.

But in England there has been much opposition to the use of the Toyoda loom, because the trade unions fear that its superior efficiency will put many mill operatives out of work. Even where this loom has been adopted the British operatives have been reluctant to make as good a use of it as have the Japanese. "One would not like," writes Dr. Pearse, "to think that European weavers are inferior to Japanese, but evidently trade unions hold the view that the Europeans are capable of attending only to half the number of looms of what the Japanese girl can do." If one

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were to believe a Japanese authority, the efficiency of the Japanese worker would seem even greater. According to Mr. Shingo Tsuda, President of the Kanegafuchi Mill at Tokyo, a Japanese male operative takes care of twenty weaving machines, an average including both plain and automatic looms, while a British male operative looks after only six, mostly plain looms. Four years ago, in England, four machines was the maximum to be tended by one operative. Only after four years of struggle between capital and labor, says Mr. Tsuda, was the number increased to six. In Japanese mills, where automatic looms alone are used, one operative handles fifty or sixty looms. Fortunately or unfortunately, trade unions dominate industries in England as in no other country. Compared with them, American labor unions are docile and tractable, which, according to Mr. Ludwell Denny, is "one of the chief assets of American capital, both in the matter of even-flowing high production and in competition for domestic and foreign markets." If this is true, the virtual absence of militant trade unionism in Japan must be an asset to her industries.

There is little use in accusing Japan of "dumping" her goods upon foreign markets. Mr. G. B. Sansom, Commercial Councillor of the British Embassy at Tokyo, in his report dated December 31, 1932, says that "such charges are as a general rule without any foundation, if by 'dumping' is meant the sale of goods abroad at below production cost. There have doubtless been cases where stocks have been disposed of at a sacrifice, and some small traders and producers have probably taken orders at unremunerative prices. But the bulk of the export trade has certainly been conducted at a profit, and the Government, far from encouraging cheap sales, has urged small export traders to combine for the maintenance of higher prices." As for government subsidies to Japanese industries, they hardly amount to $10,000,000 a year, of which one-half goes to shipping — certainly a negligible sum. None of the cotton mills enjoys subsidy.

The Pearse report on the Japanese cotton industry was a startling revelation to Lancashire and Manchester. It was then that Mr. Moser wrote as follows:

> Thoroughly aroused, Britain's manufacturers are undertaking extraordinary measures to rehabilitate themselves in Far Eastern markets — the foremost being reorganization of practically their entire industry into the Lancashire Cotton Corporation. Their hope is that with this instrument and the support

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of the British Government they may engage the textile industries of the East with their own weapon, i.e., lower labor and manufacturing costs; lower freight and handling charges, involving, perhaps, rebates, subsidies or coöperation with the Government and transportation agencies in some form; and closer coördination of cotton merchants, manufacturers, distributors and financial institutions.

On every hand throughout Eastern countries, however, among cotton men from Egypt to Osaka — and most of them British — is heard the opinion that Lancashire's effort has come too late. The Eastern industries, they say, have obtained a most impressive start, while the West lagged along indifferently, and they cannot be headed off. There is no dissension from this point of view except among newspaper economists, writers who do not know, or who still cling devotedly to their partisan hopes.

If it was too late in 1930, what shall we say in 1934? It is unthinkable that England should admit defeat and shut down any considerable number of the mills which contributed so much toward the upbuilding of her vast trade empire. In her Japan sees a worthy adversary who may yet retrieve lost ground and reëstablish the high place she has so long maintained in world commerce. Meanwhile, Japan may well congratulate herself upon the fact that none of her major industries comes into conflict with any of the similar industries in the United States. To a large extent, her trade has been complementary to, rather than competitive with, American trade.

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# THE ORDEAL OF THE RUSSIAN PEASANTRY

*By William Henry Chamberlin*

FOUR years have passed since the rulers of the Soviet Union decided to make an end of individual farming. These four years represent a period of what may be called agrarian revolution from the top, because no one with any realistic knowledge of the Russian village can believe that the majority of the peasants, left to their own volition, would have decided to sink their small holdings in the new *kolkhozi*, or collective farms. The best evidence on this question is the fact that only about two percent of the peasant households entered collective farms during the years of the New Economic Policy, up to 1929, when the choice was entirely free and before the overwhelming administrative and economic power of the highly centralized and dictatorial Soviet state had not been thrown on the side of the new organization of agriculture.

During these four years the Russian peasants have lived through a tremendous ordeal, second in degree of violent change and suffering only to the crowded years of social upheaval, civil war and famine which marked the period from 1917 until 1921. The very face of the countryside has been transformed. The traditional strips of land which signalized individual holdings have given way to the wide, compact fields of collective and state farms. The hum of the tractor is heard far more frequently. There are changes which are less favorable: if there are more tractors on the Soviet fields there are far fewer horses and cows, pigs and sheep; and the new harvesting combines which are supposed to symbolize the march of progress in agriculture sometimes find the going hard in the seas of weeds to be found on far too many state and collective farms.

In the human sphere the changes that one finds in the Russian country districts today are even more revolutionary. In a very literal sense, the first have often become last and the last have become first. The former *batrak*, or farmhand, who used to be at the bottom of the village social hierarchy, may today be the manager of a collective farm, directing the work of hundreds of his fellow villagers. There has been a considerable influx of urban communists, some of them ex-workers, into the villages as

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directors of state and collective farms or heads of the important political departments which were installed during the last year. There has been a gigantic "liquidation" of the more well-to-do and incorrigibly individualistic peasants, loosely and conveniently dubbed *kulaks*. They have been transported by hundreds of thousands, if not by millions, to forced labor in timber camps and on new construction enterprises and canals. And during the last winter and spring stark hunger, accompanied by a mortality rate that was three or four times the normal figure, stalked through the villages of wide areas of southern and southeastern Russia. This low point in the Soviet agrarian situation has been followed by an appreciable recovery, in connection with this year's good harvest; but much reconstruction remains to be done before Russian agricultural production can be regarded as normal and satisfactory.

The word experiment has been overworked in connection with the Soviet Union; but it is still applicable to the great upheaval in agricultural relations which set in during 1929. As it has directly affected the lives of more people than any other single Soviet policy, and as it has inaugurated completely novel methods of rural economy, the aims and the results of this experiment up to date seem worthy of careful study, especially as a certain degree of stabilization has now been reached in the organization of the Russian countryside.

The objective of Soviet agrarian policy may be summed up in the phrase: collectivization plus mechanization.[1] Under the new scheme, the collective farm, where hundreds or in exceptional cases thousands of peasant holdings would be thrown together, was to become the basic unit in agriculture. Side by side with the collective farms, of which there are now more than 230,000, were created a considerable number of new state farms. There are between 5,000 and 6,000 state farms at the present time. They differ from the collective farms in that they are established on unused or confiscated land and equipped by the state, whereas the collective farms pool the resources of their members. The state farm is operated on the same principle as a state factory, with a manager appointed by the organization which has charge of the farm and hired labor paid at fixed rates. On the collective

[1] The present organization of Soviet agriculture did not spring ready-made from the minds of the rulers in the Kremlin; important adjustments and modifications have been made from time to time; and some very significant innovations have been introduced during the last year. But the general trend of policy has been unbroken.

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farm, on the other hand, no wages are paid. The earnings of the members, which are partly in money, partly in kind, depend on the outcome of each year's crops.

The cement that was to hold the collective farms together, and to increase their productivity, was to be supplied by tractors, harvesting combines, threshing-machines, and other large-scale agricultural implements. Three huge tractor plants (of which two are in full operation) were constructed during the Five Year Plan; the largest agricultural machinery works in Europe was erected at Rostov; and there has been an enlargement of old factories and a building of new ones for the manufacture of combines. It is noteworthy and significant for the new spirit of Soviet agriculture that tractors and similar large machines are not given or sold to the collective farms in direct ownership. They are concentrated in so-called machine-tractor stations, which may be considered the nerve-centers of Soviet agriculture. There are between 2,500 and 3,000 machine-tractor stations all over the Soviet Union; and they send out their machines to all collective farms within a convenient radius, exacting, in return for their services, a fee in kind that may run as high as twenty percent of the crop. There are now about 200,000 tractors working on Soviet fields.

The massing of equipment in the state-operated machine tractor-stations serves a double purpose, technical and political. Provided that the machine-tractor station is efficiently managed and keeps its machines in reasonable repair, this institution insures a more continuous use and a more even spread of mechanized power than would be possible if every collective farm had its own share, large or small, of machinery. Politically this system deprives the collective farmers of any direct ownership of their means of production. It is just one of a number of very powerful weapons which the state can use to bring a recalcitrant collective farm to submission in such matters as state grain deliveries.

Now the Soviet system of agricultural reconstruction has come up against two sets of obstacles, of somewhat different psychological origin. In the first place, it went sharply against the grain of long established habit for the peasant to give up the small individual holding, poor as might be the living which it afforded, and to take his place in the ranks of a large organization, the head of which might be a man whom he did not know and whose agricultural capacity might be open to doubt. The lack of a

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trained managerial class for the new large and medium-sized farms which were created so suddenly has been a big handicap, from the standpoint of productive efficiency; and managers of collective farms have not infrequently been selected for political zeal rather than for expert knowledge of agriculture. The wrench at parting with his own land, his own horse and his own working equipment was, of course, apt to be greater in proportion to the peasant's amount of material well-being. The poorest peasants naturally accepted the new order more acquiescently, if not more enthusiastically, than the well-to-do.

Secondly, the peasant, by virtue of the logic of development under the Five Year Plan, was compelled to fulfill his historic rôle as a heavily laden beast of burden for the state. It is a matter of historical record that Peter the Great, pursuing ambitious schemes of modernization and national aggrandizement, squeezed more out of the peasants than the sleepy Romanov Tsars who preceded him. And one cannot begin to count the cost of Magnitogorsk, Dnieprostroi and the other steel mills, electrical power plants, chemical factories and machine works of the Five Year Plan unless one travels in the villages and acquires first-hand knowledge of the additional levies which have been imposed on the peasants during recent years.

At a time when he was in sharp opposition to the party leadership, embodied in Joseph Stalin, the well-known communist theoretician, Nikolai Bukharin, let slip the phrase: "Military feudal exploitation of the peasantry." Now he has repented and recanted it. And there is, of course, no official sanction for the view of Trotsky's former lieutenant, Eugene Preobrazhensky, that the peasantry in the Soviet Union represent a colony, from which fresh capital for industrial development must be extracted. But peasants who never heard of Bukharin and Preobrazhensky are keenly aware of the fact that their yoke has become steadily harder, at least up to the present year, in connection with the country's sweeping program of industrial construction; and this fact has had a disastrous effect on their morale and on their will to work. It was a distinguishing feature of the New Economic Policy that the peasant had entire freedom in disposing of his surplus produce. A tax in kind was imposed in 1921 and 1922, after which the peasant was liable to an income tax, payable in money. The necessity for meeting this tax and the desire to buy town products were the motives

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that induced the peasant to sell his grain and other foodstuffs.

The first breach in this system, the first violation of the peasant's right to dispose of his crop as he saw fit, occurred in 1928, when the government, finding that grain was coming on the market slowly, employed threats of arrest and exile to compel the peasants to sell their grain at the fixed price. This system was greatly extended in succeeding years, and was applied to meat, milk, flax, cotton and most other staple agricultural products. Probably no words were so hated among the peasants in recent years as *khlebozagotovki* (grain collections) and *kontraktatsia* (contracting). The autumn period of grain collection was annually heralded by the publication of stern instructions to the rural Soviet authorities to buy up the maximum amount of grain from the peasants, on pain of being considered "right opportunists" and "*kulak* sympathizers," two very formidable terms of abuse in the Soviet Union. The method of carrying out these "purchases," which were much more suggestive of requisitions, was to set up a quota for deliveries of grain and other products which had to be filled out by every district, every collective farm, every individual peasant household. Failure to comply with the quota was often punished with fines, arrests and deportations. The agricultural produce was paid for at fixed prices, which became steadily smaller in relation to the soaring free market prices. While theoretically peasants who fulfilled their quotas were inclined to buy manufactured goods at correspondingly low prices, the supply of manufactured goods, as a general rule, never sufficed for more than a small fraction of the peasant demand.

This was one major objection of the peasants to this so-called "contracting" system (rather naïvely described by an enthusiastic visitor to the Soviet Union as a beneficent institution, from the peasants' standpoint, since it assured them a ready market and a fair price for their products). The other, even more serious, objection was that the demands of the state were apt to be given precedence over the food needs of the peasants. The peasants had no effective voice in determining the quotas which they were required to deliver up. And the state had several compelling reasons for extracting from the villages the maximum amount of foodstuffs. There was the growing army of workers and employees in the big new industrial plants and construction enter-

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prises to be fed. There was the chronic need for foreign currency with which to pay for imported foreign equipment and machinery, a need which could be partially met by forcing the exportation of food products. After the autumn of 1931 a new element entered into the situation: the desire to create large reserves of staple provisions for the military forces which were concentrated in the Far East.

In view of these conditions it was quite natural that the peasants' needs should be given secondary consideration. And it was equally natural that the peasants, much less touched than the city population by communist agitation and quite indisposed to make voluntary sacrifices on the altar of Soviet industrialization, should have resented a system under which much was taken from them and little was given to them. This feeling of resentment unquestionably played a large rôle in the poor functioning of the collective farms during the first years of their existence.

My travels in the country districts have not given me the impression that superstitious aversion to new ideas in general and to machinery in particular was in any sense an important factor in the passive resistance which certainly characterized the attitude of many of the peasants toward collective farming. A tractor or a harvesting combine might excite some such feeling in the forests of the north or in a Caucasian *aul*, or mountain village; but in the fertile grain belt of southern and southeastern Russia, whither most of the tractors were dispatched, the overwhelming majority of the peasants were sufficiently advanced to welcome labor-saving machinery. What they disliked about the new agricultural order was not the new power-driven machines, but the fact that neither these machines nor the crops which were produced belonged to them, and that the state claimed and exercised the right of making arbitrary and undetermined levies in kind on their produce.

I have been able to obtain some idea of the phases through which collective farming has passed in the course of three trips to agricultural regions of the Soviet Union. The first of these trips took me to the Lower Volga in the late summer of 1930; the second was to the Crimea and to the Odessa region of Ukraina a year later; the third was to the Kropotkin region of the North Caucasus and to the Kiev and Poltava regions of Ukraina in the latter part of September 1933.

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The first trip was immediately after the vast upheaval which had followed the drive to introduce collectivization on a mass scale. The harvest of 1930 was excellent; and Soviet publicists somewhat incautiously and prematurely endeavored to interpret this bounty of nature as primarily attributable to the new system. On the other hand, one found everywhere a formidable diminution in the number of cows, sheep and pigs; the more well-to-do peasants had slaughtered their animals wholesale rather than give them up to the collective farms. There was at this time no acute distress, if one makes allowance for the traditionally low standard of living of the Russian peasants, except among the luckless *kulaki*, the four or five percent of the peasants who had been driven from their homes and expropriated as exploiters. Some of the *kulaki* had been shipped off to remote places of exile and hard labor in the forbidding north; others were living in great misery in dugouts and improvised huts outside the village limits, where they had been assigned stretches of poor land and told, more or less, to sink or swim. This was *Shrecklichkeit* on a large scale, for the total number of families which were liable to uprooting as *kulaki* all over Russia can scarcely have been much short of a million. Not all of them suffered the more extreme penalty of exile, because some fled in time and concealed themselves in the towns or in parts of the country where they were not known. At the same time this "liquidation" of the *kulaki* "as a class" was an important and probably an indispensable measure in breaking down the resistance of the peasants to the new system. The *kulak*, often better educated than his average neighbor and wielding influence simply because he was a successful farmer, was the natural leader of individualist resistance to the new system. With him disposed of in such summary fashion, the task of regimenting the other peasants became much simpler.

For the mass of the peasants the problem of goods exchange between city and village had become acute, and I recall a stormy general meeting of the members of one collective farm, where a representative of the regional Communist Party organization expounded a scheme under which the peasants were to be allowed to buy thirty-five kopecks worth of manufactured goods for every ruble's worth of grain which they sold to the state. The sentiment of the gathering was pretty faithfully voiced by the local blacksmith, who bellowed out: "Thirty-five kopecks on the ruble isn't enough. Couldn't they at least give us all one shirt?"

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Although there was some extension of the planted area in 1931 nature turned unfavorable and the total harvest was lower than in the preceding year. There was a further grave decline in 1932; the food situation in the following winter and spring was strained in the towns and catastrophic in some country districts. On January 8, 1934, *Izvestia* published the following official statistics of harvest yields of the main grain crops for the past four years: 1930, 83,540,000 tons; 1931, 69,480,000; 1932, 69,870,000; 1933, 89,800,000. In 1913 the yield was 80,100,000 tons. The figures for 1932 and 1933 are considerably better than foreign unofficial estimates. Nevertheless, it is significant that in the two lean years, 1931 and 1932, the official estimate of the grain yield is lower by over ten million tons than the figure for 1913, when the population was much smaller. It is also interesting to note that both the yield per acre and the total yield in 1931 and 1932 were lower than was the case in any year between 1925 and 1929, when individual farming was the prevalent form of agriculture.

Weather alone could not be blamed for the poor harvest of 1932. Not only were climatic conditions unfavorable in two main grain-producing regions, Ukraina and the North Caucasus; but in many cases the peasants, discouraged by years of arbitrary requisitioning of their surplus, simply failed to work with normal efficiency. The results are reflected in the report of a correspondent of the Communist Party organ, *Pravda*, after returning from a tour of investigation in the North Caucasus: "The fields of the Kropotkin region are bearing a thick forest of man-size weeds. . . . In the upper Don corn, sunflower seeds and millet perished from late sowing. . . . The overgrowth of weeds creates extraordinary difficulties with the harvesting. Sheaves sometimes contain more weeds than grain. It is also difficult to stack the weedy grain."

During the first half of the present year the resident of Moscow was perplexed by two apparently contradictory sets of reports about conditions in the southern and southeastern provinces of Russia. Unofficial rumors of hunger on a scale unknown since 1921 and 1922, the years of the greatest famine in Russia's history, were offset by official claims of a successful spring planting and a favorable crop. In the course of visits to three widely separated regions of Ukraina and the North Caucasus I became convinced that both reports contained a considerable element of truth. Last winter and spring hunger wrote some of the darkest pages in the sombre history of the Russian peasantry. At the

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time of my trip, in the autumn, there had been a substantial seasonal improvement in food supply; the harvest yield was comfortably above the average, especially in Ukraina; and it did not seem probable that the widespread grim suffering of the early part of the year would be repeated.

Perhaps the Kuban Valley in the North Caucasus, in pre-war days a notably rich and prosperous farming region, offers the most vivid evidence of the havoc which class war has played with Russian agricultural production during the last years. The central point of my trip here was the Cossack village of Kazanskaya, which is some ten miles from the railroad station Kropotkin and is picturesquely located on a high bluff overlooking the Kuban River. I had visited the Kuban region many years ago; and my first reaction of surprise was excited by the complete absence of the fierce and vociferous dogs, of which every Cossack household had formerly possessed, as a rule, at least two or three. The dogs, as I was told by all the peasants whom I questioned, had been eaten or had perished during the hunger. The second unfavorable impression was the amazing growth of weeds, huge, tough and luxuriant, along the roads, in many of the gardens, and in some of the fields. Add to this the fact that almost everyone, from presidents of collective farms to boys and old women on the roads, was feverish as a result of a sweeping epidemic of malaria, and that every native of Kazanskaya and the surrounding villages had vivid tales of last winter's hunger, sometimes accompanied by stories of friends or relatives who had died either from the swelling which is the main sign of hunger or from the weakness and diseases which are associated with malnutrition, and one may well come to the conclusion that the triumph of collective farming in this part of the Soviet Union seemed to possess a good many elements of a pyrrhic victory.

Even here, however, where the resistance of the population and the ruthless suppression of that resistance by the authorities had been intensified by the fact that a considerable part of the population consisted of Cossacks, the backbone of the White armies during the civil war, there was the negative consolation that the outlook was not so bad as it had been a year ago. The harvest, although not satisfactory, was better than in the previous year, and there was more certainty as to how much of it would remain at the disposal of the peasants. The head of the Kazanskaya Soviet, Mr. Nemov, estimated that about 850 of the vil-

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lage's population of 8,000 had perished during the last year. He furnished detailed figures for the first four months of the year, showing a steep rise in the mortality curve, accompanying the diminution of food reserves toward spring. According to his figures, 21 people died in January, 34 in February, 79 in March and 155 in April. Deaths from "exhaustion," of which there was one in January, increased to 98 in April.

One found much the same picture in wandering through villages around Poltava, site of Peter the Great's decisive victory over King Charles XII of Sweden, and Belaya Tserkov, a town in the former Jewish Pale of Settlement, southwest of Kiev. The Kazanskaya figure of approximately ten percent mortality was frequently found, although one found villages which had apparently fared better and one, named Cherkass, which had fared much worse, according to the figures of its Soviet. Except for one commune near Poltava, which had developed under relatively favorable auspices, I did not find a single place which did not report some casualties. The measure of the hunger from which the Soviet Union suffered during the past winter and spring may be gauged from the fact that the population of Ukraina is approximately 35,000,000, that of the North Caucasus about 10,000,000, and that of other regions which, according to general reports, did not escape the scourge of failure of food supply, such as the Middle and Lower Volga and Kazakstan, about 15,000,000.

The hunger was a direct result of the crisis, already mentioned, of collectivized agriculture in 1932. Although there had apparently been no violent resistance on a mass scale, many of the peasants unquestionably went on a passive strike and simply let a good deal of the crop go to waste on the fields. The government was unwilling to abate its grain demands in the face of what it regarded as deliberate sabotage. Consequently, although some state relief was furnished in the spring, especially to collective farms, there simply was not enough food to go around, and a heavy death toll followed. As might have been expected, the mortality was far greater in the villages than in the towns, where a regular if sometimes straitened bread ration was assured to workers and employees, and it was much heavier among *edinolichniki* (individual peasants) than among members of collective farms. For some less clearly explicable reason men apparently succumbed more readily than women.

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That a generally good crop was harvested this year may seem amazing, in the light of what happened last winter and spring. One must remember, however, that there is a tenacious vitality in the semi-Asiatic Russian peasantry and that recovery comes more easily than might be the case in a softer country. Moreover, the very extremity to which the peasants were reduced was a very powerful incentive in driving them to work hard and to discard all thought of shirking. Other factors in the relative improvement which this year has witnessed in the Soviet agricultural situation may be listed.

In the first place, the weather, which plays a bigger part in harvest yields than communist planners like to admit, was more favorable. Secondly, a very important change in the method of assessing the levies in kind on the peasants, adopted by the government last winter, yielded beneficial results. Up to 1933 there was no recognized limit to the amount of grain which an energetic local official might squeeze out of the peasants in his district. Now the peasant's obligation is clearly set down in the form of an acreage tax, which varies in different parts of the country according to the fertility of the soil (it amounts to about five bushels an acre in the rich black-earth regions of the south and southeast). Inasmuch as this tax cannot be either diminished or increased, it places a premium on efficient farming, since the peasant who raises more grain will retain more for his own use and for free sale on the market. Still another factor making for improvement is the institution throughout the countryside of so-called political departments, manned by picked communists and entrusted with the function of supervising propaganda and developing leadership in the collective farms. The political departments are attached to machine-tractor stations and to the larger state farms. They give the central authorities a firmer grip on the rural areas and push ahead the necessarily slow process of creating in the collectivized peasant something of the psychology of the urban worker.

When the Soviet régime embarked on its policy of placing all agriculture on a state and collectivist basis it launched out on quite uncharted waters. No such organization of agriculture had been known since man began to plant. Friends and enemies alike were extravagant in their prophecies of triumph or disaster. Looking back over a perspective of four years, one clearly sees the mistaken character of many of these prophecies. There is

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perhaps no more striking illustration of the tremendously firm grip of the Soviet Government on the Russian population than its demonstrated ability to carry out a change which was certainly unwelcome to a great many peasants, which was accompanied by the dispossession of large numbers of well-to-do peasant households, which led during the last winter and spring to hunger on a scale unknown since 1921–1922, without exciting any serious mass resistance. The system now is irrevocably clamped down, barring some quite unpredictable general upheaval in Russian life; and dictatorships of any kind are not in the habit of reckoning very much with the amount of human suffering which the execution of their policies may imply.

So the predictions of complete collapse and forced reversion to individualist farming have been refuted by the course of events. There has been an equally signal refutation of the idea that, as a result of collectivization, Russian agriculture would leap forward to unprecedented productivity. It is significant in this connection that the official summary of the results of the fulfillment of the first Five Year Plan is silent about such important indices of agricultural prosperity as the size of grain crops and the number of livestock in the country. Presumably the discrepancies between plan and achievement (the Five Year Plan forecast a steady increase in the number of livestock and a grain crop of about a hundred million tons in its last year, 1932–1933) were too glaring to be deemed suitable for publication.

While no official figures for livestock in the entire Soviet Union have been published within recent years, I was able to obtain from the Ukrainian Commissariat for Agriculture comparative statistics as revealed by a livestock count of 1929 and by a census, covering 86 percent of the rural Soviets, carried out in the summer of 1933. According to these figures, the number of horses decreased from 5,543,000 to 2,772,000; the number of horned cattle from 7,611,000 to 3,832,600; the number of cows from 3,873,000 to 2,049,000;[2] the number of pigs from 3,472,000 to 1,390,000; the number of sheep from 6,652,000 to 1,543,300. There is no reason to suppose that Ukraina fared worse, as regards the destruction of its livestock, than other former main cattle regions, such as the North Caucasus and Kazakstan,

[2] The 1929 figures for horned cattle and cows were obtained not from the Ukrainian Commissariat for Agriculture, but from a publication of the Soviet central statistical bureau entitled "The USSR for Fifteen Years."

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where governmental policy was equally ruthless and deliberate destruction or neglect of livestock by the desperate peasants was probably equally great. It is obvious, therefore, that in such an important branch of agriculture as animal husbandry there has been disastrous retrogression during the last four years which can be fully made good, in all probability, only after the passing of a longer period.

The idea, often propounded by people with very scant practical knowledge of agriculture, that tractors and large farm units, apart from other conditions, would mean increased productivity, has proved a fallacy. The general food rationing in the towns, the acute food shortage in the villages, which reached its formidable climax last spring, the relatively small exportation of foodstuffs from Russia — all these things offer convincing proof that the problem of increasing the output of foodstuffs has not been satisfactorily solved as yet.

What does the future hold for the Russian peasantry, after the stern ordeal of the last four years? Favorable elements in the situation are the increased supply of tractors which is insured by the steadier and larger output of the big factories at Stalingrad and Kharkov, and the weaning away from old individualist habits that may conceivably come with the passing of time. On the other hand, any attempt to depart from the definite limits of the food levy which have been laid down during the present year, any injudicious effort to socialize the remaining personal property of the peasants, might provoke a new crisis. During the last few years the peasant has been carrying a large share of the heavy load of the Five Year Plan on his shoulders. He has been definitely the "forgotten man" of a social order on fire with schemes of industrial expansion and military preparedness. The future will show whether the young generation now growing up under the new collectivized order will attain a standard of living that may seem, in retrospect, to compensate in some measure for what their parents have lived through.

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# THE BRITISH PRESS

*By Harold E. Scarborough*

EVERY day some ten million copies of the nine London morning newspapers leave the presses, so that London alone supplies one newspaper for every fourth man, woman and child in the country. The aggregate circulation of the three afternoon papers is about 1,750,000; but their coverage is pretty well confined to the actual metropolitan area. There are about a dozen provincial newspapers which are leaders in their respective fields; but when these have duly been taken into consideration, the fact remains that for our present purpose London is not only England, but to a very large extent Scotland and Wales as well. To say this is in no way to deprecate the high standard of journalism to be found in British provincial cities; it is merely to recognize the centralization of the interests of a comparatively small and densely populated country about an urban agglomeration which contains one-fourth of its entire population, and which is at the same time its political, social, intellectual, financial and industrial capital.

The geography of the country serves further to confirm London's supremacy. Three-fourths of England's population live within five hours' train journey from the metropolis. Eight hours takes one to Glasgow or Edinburgh. Even those newspapers which are printed only in London, therefore, can be laid on the breakfast tables of the greater part of England upon the morning of their publication; while those which print duplicate editions in Manchester or Glasgow can virtually blanket the British Isles.

The assumption would be pardonable that such concentration would tend to confer upon the London press a position of unique authority. The equation, however, is not so simple as that. In the last resort the authority of any influence upon public opinion must depend upon the factors by which the public has been conditioned to react to such influences. In Great Britain these factors are both complex and subtle, so that while the press is in no sense a subservient one, its power over the public mind is subject to modifications and limitations which do not directly correspond to anything in our journalistic experience.

We in the United States have had newspapers ever since we became a nation — indeed, for an even longer time. The freedom

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of our press to express its opinions has been constitutionally guaranteed since the adoption of the Bill of Rights, since which time we have never — not even during the World War — had a formal censorship. The growth of our press, in other words, has been coincident with our national progress: and we have tended to take for granted its comparatively unhampered development.

In England, on the contrary, the newspaper made its appearance as a new factor in an already old and settled community. The very invention of printing had seemed to the Plantagenet and Tudor kings something pregnant with the possibilities of challenge to the established order. They lost no time in licensing the printing presses, and in censoring their output; and the English newspaper, venturing timidly upon the seventeenth-century scene, was faced from the very beginning with the official distrust and suspicion which had accumulated for nearly two hundred years. Freedom of the press in England was not established until the third decade of the nineteenth century. After that, political criticism became safe enough, although general criticism was (and still is) strictly limited by drastic laws of libel.

For another seventy years the British newspaper continued to be written for, and purchased by, the literate minority of the population. One has only to refer to almost any Victorian writer who visited the United States to discover the unconcealed horror with which our journals of the forties, fifties, and sixties were regarded. The evolution of the British newspaper into a direct means of reaching the mass of the people really only got under way in the decades between 1880 and 1900; and the transition then took place because the Education Acts of the seventies had by that time produced an adult public which was generally able to read and write.

For this new public new newspapers were created. They were said to have been "Americanized" partly because in the decade following 1890 a number of imported Americans did exercise a considerable influence in brightening and modernizing the (then) halfpenny papers; but more especially because the new journalism was something unprecedented, strident, and altogether so without the range of British experience as to deserve the transatlantic label. At no time has this country produced what American readers would regard as a duplicate of an American newspaper: even the most flamboyant of the Americans who migrated to Fleet Street could see that this would never do.

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To this relatively jazzed-up competition the older and stodgier newspapers — written, as the late W. W. Astor rather pathetically proclaimed of his *Pall Mall Gazette*, "by gentlemen for gentlemen" — largely succumbed. Some of them simply put up the shutters; a few sold out to the opposition and now have their names (but little else) perpetuated in journals of wide circulation; and a mere handful survived. In the provinces the survival rate has been definitely higher than in London. But on the other hand the influence of both highbrow and lowbrow provincial newspapers (always with the one exception of the *Manchester Guardian*) has constantly tended to decline.

At present, then, one finds British newspapers fairly sharply divided into two distinct categories. There are those which appeal to the million, and those which appeal to the few. To appraise their relative influence is anything but an easy task — if only because there exist so few standards of definition of the term "influence" itself. Both the popular and serious newspapers are certainly capable of molding public opinion, at different times, into different directions, and by different methods. But neither the newspapers themselves, nor their readers, would agree upon the precise extent to which this force is exerted, or succeeds.

Of London's morning newspapers three are usually considered "serious" and six "popular." Those in the first category are the *Times*, *Daily Telegraph*, and *Morning Post*, and between them they have less than 700,000 readers. (The first is understood to publish about 200,000 copies daily; the second sells just over 300,000; and the third about 150,000.) The six popular newspapers include the *Daily Mail*, *Daily Express*, and *Daily Herald*, each with circulations around the 2,000,000 mark; the *News-Chronicle*, with around 1,500,000; and two pictorial tabloids, the *Sketch* and *Mirror*, both in the large circulation class, but neither striving for nor achieving political influence.[1] Of the three afternoon papers, the *Evening News* sells about 800,000 daily; the *Star* something over 600,000; and the *Standard*, which does not publish its circulation figures, probably about half a million.

All the morning newspapers achieve a nationwide distribution — despite the enormous gulf between the sales of the highbrow and lowbrow ones. They reflect the countrywide tendency in that seven of the nine are nominally more or less Conservative in

[1] All the morning papers are sold at one penny, except the *Times*, which is twopence.

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politics — the *Herald* being Labor and the *News-Chronicle* Liberal. Of the twelve leading provincial newspapers six are Conservative, two Liberal, and four independent. There are no provincial daily newspapers avowedly Labor in politics. But the *Manchester Guardian*, nominally a Liberal organ, is as a matter of fact usually sympathetic to the Labor cause; and despite its small total circulation is to be found on news-stands all over the country in much the same manner as are the London papers.

Generally speaking, it is fair to say that the three serious London newspapers already referred to influence public opinion more through their editorials ("leaders") than through their news columns; while the four popular journals of widest circulation depend rather upon a highly selective and not invariably objective presentation of the news. At least tacit recognition of this fact is displayed by the newspapers themselves, in that the serious ones carry two to three columns of editorials daily, while none of the popular ones exceeds one column.

Without entering into the question as to whether the average American newspaper does in fact achieve that strict separation between "news" and "views" which practically all of them profess as an ideal, it may be said at once that not very much is heard in England of the ideal itself. Without exception the London papers present much of their news in a fashion which most American editors would at once reject as "too editorial." I do not for a moment imply that this is necessarily done with any sinister motive; that it constitutes in any way a conscious perversion of the report of the happenings of the day; or even, indeed, that the British public does not prefer to have its news served up in this fashion. I merely record the undoubted fact that this is true in the case of the *Times* as well as in that of the *Daily Mail*.

There is to be considered the further fact that the technique of selection of news, its manner of presentation, and its display, differ widely in England and in the United States. The London editor must never forget that his newspaper will be read in Exeter as well as in Mayfair, in South Shields as well as in Shoreditch. He must therefore, to begin with, eliminate a great deal of news of purely local appeal. Manchester is not much interested in London's local politics, nor Birmingham in a London murder without some unusual circumstances attaching to it.

But the London newspaperman must also remember that, over and beyond the style of writing which his particular journal

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may favor, he must write for a public which on the whole does not prefer having its news too baldly or severely served up to it. The ideal of the American managing editor is usually that the outstanding facts in any news story should be condensed into the "lead," or first paragraph; and that amplification and explanation should follow. The first impression, at any rate, which is conveyed by this technique is one of unvarnished presentation of facts. There is not much room in a "lead," or in a series of headlines which are supposed to "tell the story," for the insertion of a tendencious bias. It can of course be achieved, but the exigencies of space and the hurry of production mitigate against it.

The British reporter and sub-editor are less compressed into this perhaps artificial convention. Headlines are not definitely stereotyped, either through the necessity that they should contain verbs, or that they should follow a particular typographical arrangement. The news articles themselves can be written without the inevitable "lead." Finally, the British tendency is against the signature of local news by the man who writes it: a fact which perhaps renders day-to-day inconsistencies a little less immediately apparent than they are when the reader, identifying particular fields of news with particular writers, is moved to reflect, "But yesterday Blank said just the opposite!"

Naturally, the serious papers devote more space, both news and editorial, to domestic and foreign politics than do the popular ones. The *Times*, *Telegraph*, *Morning Post* and *Manchester Guardian* obviously seek to present day by day a coherent and consecutive commentary on the major events of the world. The popular papers follow the lead of the others in supplementing news agency dispatches with those of their own correspondents in important capitals throughout the world; but the journals of wider circulation are far more "spotty" in their coverage. On the whole, the London newspapers carry less foreign news than do the New York ones; but, aside from the question of editorial policy, there are at least two more or less mechanical reasons for this. The scattered extent of the British Empire imposes upon them the necessity to maintain a large staff of correspondents in the dominions and colonies; while the fact that the London morning papers compete actively with many provincial ones mitigates against wide syndication of their foreign news services (with its consequent diminution of the terrific expense involved in gathering news from abroad).

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It is a curious fact that the three serious London papers and the *Manchester Guardian* are owned by men who personally are much less active politically than such "press lords" as Rothermere and Beaverbrook. The personalities behind these four newspapers figure comparatively little in the public eye, and there is consequently little tendency on the part of their readers to identify these newspapers with their proprietors.

By common consent the *Times* comes first in almost any listing of the British press. It is not only that the "Thunderer" is assumed to be as nearly as makes no difference the mouthpiece of the government; this newspaper has become a British institution. From its famous 'agony column" to its stock market tables, from its law reports to its weather reports, it is viewed by many thousands of Englishmen with the same complacent acceptance as is bestowed on the Monarchy itself. Indeed, the proprietors of the *Times* (Major J. J. Astor, brother of Lord Astor and son of the late American-born W. W. Astor; and John Walter, of the famous family which owned the *Times* during the last century) have recognized this by voluntarily binding themselves only to dispose of their property after the proposed purchaser shall have been approved by an advisory committee consisting of the incumbents of five of the highest official and professional positions in the country.

The *Times*, like the other more serious papers, preserves the tradition of devoting its outer pages to classified advertisements; and of placing what would otherwise be its "front" page and its editorial page opposite to each other at the central fold of the paper. It is strictly departmentalized, so that year after year the same type of news appears in the same relative position. On its main news page it features cabled dispatches from its own excellent staff of foreign and Empire correspondents. It has only twice within living memory run a headline more than one column wide — a fact which perhaps gives as good a clue as any other to its general method of news treatment. A considerable latitude in the way of editorializing is permitted the staff; so that, for instance, although certainly no accusation could be brought of biassed reporting, regular readers of the *Times* could scarcely fail to notice that that newspaper's Berlin correspondent is distinctly skeptical of the blessings of Hitlerism, and its Washington correspondent of the advantages of the "New Deal."

The professed editorial policy of the *Times* is one of general

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support of the British government of the day. This fact alone — or certainly when coupled with the paper's unique position in British journalism — suffices to convince many people, both in England and elsewhere, that the voice of the *Times* and that of the Cabinet are indistinguishable. On questions of foreign policy this usually is the case. In the domestic field the rule is less invariable; and in particular, during the past year, the *Times* has tended to find the National Government's policy on taxation and monetary and financial matters rather too old-fashioned.

On specific international questions, indeed, practically the whole of the British press seems sometimes to speak with one voice. Thus, all the London papers are in favor of disarmament; of restoring international trade; of friendly relations with the United States; of the removal of tariff barriers; and opposed equally to fascism, communism, and Naziism. It is only when one comes to examine the methods by which the individual newspapers propose that these desirable goals should be reached that the reader realizes that "Orthodoxy is my doxy, my Lord, and heterodoxy is the other fellow's doxy." For instance, the *Morning Post* thinks that the more tariffs Britain imposes, the more quickly will the rest of the world lower theirs. The *Manchester Guardian* believes that the maintenance of free trade by Great Britain would have produced the desired effect.

On this specific question the *Times*, as might be expected, professes the viewpoint adopted by the Cabinet. One might irreverently characterize this as an apology for tariffs much in the vein of the servant girl's apology for her illegitimate baby: that it was only a very little one. And so with regard, for instance, to the disarmament question: the *Times*, in common with most of the rest of the press, feels it highly desirable that the nations should disarm, but holds that Britain has already done more than its share in that direction. And I am willing to place a small bet that if it seems necessary to the Cabinet to augment British armaments in the cause of disarmament, the *Times* and the rest of the nominally Conservative press will applaud.

A final explanation of the authority with which the *Times* speaks arises from its recognized status as a national forum. It is reasonably certain that if for any reason the Prime Minister, or the Archbishop of Canterbury, or any other leading national figure wishes to send a letter to the newspapers, he will send it first of all to the *Times*.

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To the right, politically speaking, of the *Times* stands the *Morning Post*. Its majority shareholders are the Duke of Northumberland (who three years ago, at the age of 18, succeeded his father to the title), Sir Percy E. Bates, and Captain the Hon. A. P. Howard. As befits a journal which has had the courage of very definite convictions for 160 years, the *Morning Post* tends at times to be a bit dogmatic in its present rôle as the organ of the extreme Tories. Although its news is excellently written and attractively presented, it is not quite so complete a newspaper of record as is the *Times*, and in my opinion at least derives its main appeal from its forthright editorial policy.

It is comparatively seldom that the *Morning Post* feels it necessary to render to democratic institutions or principles even the lip-service paid by some of its contemporaries. At various times many of its readers must have been sure that particular editorials were written in collaboration by a bluff country squire and an old-school dowager duchess. (Actually for some years many of the most entertaining ones have been the output of a charmingly gentle middle-aged Scotsman!) This outspokenness, which at least leaves not the slightest doubt where the *Morning Post* stands on any particular question, particularly commends this newspaper to the so-called "Die-Hard" Conservatives. One would thus expect it violently to oppose the National Government's Indian policy; to feel that a strong British navy is the best guarantee for peace; to be in favor of more and better tariffs; to detest socialism and internationalism equally; to maintain a guarded approval of fascism in Italy (not of Hitlerism in Germany, although the *Morning Post* itself is anti-Semitic); and to favor closer Anglo-French relations in view of the Continental situation. And in these various ways the *Morning Post* does, indeed, react.

The *Daily Telegraph*, the third of London's staider journals, has as its principal proprietor Lord Camrose, who, before his ennoblement in 1929, was Sir William Berry. In conjunction with his younger brother, Sir Gomer Berry, Lord Camrose also has heavy interests in the London *Sunday Times* and *Financial Times;* in a large chain of provincial newspapers; and in the great periodical publishing enterprise called "The Amalgamated Press." He is understood to take a keen interest in the development and policies of the *Daily Telegraph;* but since he does not court personal publicity the public knows little of what goes on

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behind the scenes, tending to accept the *D. T.* as an independent entity rather than as the organ of a particular millionaire.

The reputation of the *Daily Telegraph* is that of an ably-produced, interesting, accurate and dependable middle-class newspaper. Since they purchased the property a few years ago from Lord Burnham (whose father founded the paper), Lord Camrose and his brother have been gradually enlarging and strengthening it; and, having reduced its sale price from twopence to one penny, have succeeded in tripling its circulation. Its conservatism is of a milder brand than the *Morning Post's* and perhaps less official than that of the *Times*. Recently, both in its news and its editorial columns, the *Daily Telegraph* has come out as a big-navy protagonist; but it still gives general support to the Government's disarmament policy. It likewise backs the Government on India, on its tariff policy, and on most domestic questions; while, like the *Times*, it tries to steer a middle course between national isolationism and whole-hearted participation in European affairs. In common with practically the whole London press, it has but little use for fascism of any sort or kind; and none for any movement designed to replace the present British parliamentary system.

In considering the four popular newspapers one passes into altogether a different category of journalism — into a world where film stars are normally more important than statesmen; where a *crime passionel* in Peckham will always drive a famine in Pekin off the front page; where ladies undressed to the legal limit frolic through the picture sections; where women do not have babies, but only "happy events;" where human activities fall largely into the headline categories of "sensations" or "amazing scenes;" and where the world's doings are presented with the bright inconsequence of motion-picture news reels.

That a considerable proportion of the purchasers of these papers buys them because they offer to registered readers large "prizes" and free casualty and sickness insurance is admitted tacitly by all of them and explicitly by the *Daily Express*, which with refreshing cynicism frequently gives an exact accounting of how much it costs to keep up with the Joneses in this respect. Twelve years ago the largest daily net sale in the country was that of the *Daily Mail*, which then achieved the figure of a million copies daily. The *Daily Mail* even then had an insurance scheme on a modest scale. When it began offering greater inducements

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the other "stunt" newspapers followed suit; and although two of them couldn't make the grade and were bought up, the remaining three at length offered their readers virtually the same free protection as the *Daily Mail* against human uncertainties ranging roughly from twins to tonsillitis. Now three of them are close to the two million mark. All four print duplicate editions in Manchester, and the *Daily Express* prints in Glasgow also.

There is a good deal of interlocking finance in the capital structure of two of the groups; but for practical purposes it may be said that Lord Rothermere (the former Harold Harmsworth, brother of the late Lord Northcliffe) controls the *Daily Mail* and Lord Beaverbrook (the Canadian-born Max Aitken) dominates the *Daily Express*. Lord Rothermere also publishes the *Evening News* and *Sunday Dispatch* in London; a chain of provincial newspapers; and numerous other periodicals. The evening and Sunday editions of the *Daily Express* are the *Evening Standard* and *Sunday Express*.

The *Daily Mail* is generally considered as the pioneer of its type of journalism, having been founded in the nineties. Yet, curiously enough, it is now the only popular paper to adhere to the old tradition of reserving its first page for advertising. Apart from this idiosyncrasy its make-up is intensely modern, with jazz headlines and lots of pictures scattered throughout the letterpress. It is nominally Conservative, and certainly reactionary: yet it is forever going off on tangents of its own. At one time it will produce a violently Francophile tendency in its news and editorial columns; again, it will be isolationist. Today it will be berating the government for its failure to economize and reduce taxes; tomorrow it will call for holding India at any price, or for strengthening the national defense in a highly expensive manner. (It has just been conducting a campaign for a much larger air force.) Its politics are largely compressed into slogans such as "Hats Off to France!" "For King and Country!" "Down With the Squandermaniacs!" and "Come Off Your Perch!"

Withal, the *Daily Mail* is undoubtedly influential. Its financial ability to command "big" names; its technique of reiteration of pungent and easily-grasped argument; and the fact that it interests the average lower middle class reader who merely is bored by the serious papers — all these make it formidable. Its readers were not frightened by its dire predictions of financial collapse when the first MacDonald Government was being

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formed; but they panicked in their millions when it announced the Zinovieff letter as a factual occurrence in 1924.

The *Daily Express* also is Conservative, but with Lord Beaverbrook's especial and personal brand of conservatism. Its proprietor is a little man of dæmonic energy: sometimes impish and Puck-like, sometimes devastatingly serious. His gospel is that of the self-contained Empire; and to that end his newspapers are intolerant of European entanglements, severely critical of the Locarno pacts, and contemptuous of what they term the weakness of the government's tariff policy. In curious affinity with the Laborite *Daily Herald*, the *Daily Express* fights for a higher wage standard in England; and for an expansionist financial and industrial policy. In some ways Lord Beaverbrook is the ablest publicist in England today. You may laugh at him; but you will find that he has already hired David Low, a gifted Australian cartoonist, to do it better than you can. His *Daily Express*, like the *Daily Mail*, is sensational; but it prefers to amuse its readers rather than to make their flesh creep.

The *Daily Herald* is owned by Odham's Press, but it is the official organ of the Labor Party and its editorial policy is subject to the control of the Trade Union Council. This newspaper was in low water until the financial resources of the great Odham's publishing concern were utilized to modernize it and to swing it into line on competition and free insurance schemes: but now it has the largest daily net sale in England. As the *Daily Mail* tends to present its news as seen through the primrose-tinted spectacles of conservatism, the *Daily Herald's* news columns reflect the red (or at least pink) hue of socialism. Editorially it is internationalist and free-trade; a believer in disarmament; a violent opponent of fascism and Naziism; and a good friend of Russia and of the United States. The existence of 7,000,000 Labor voters in Britain provides a ready-made public for a Labor organ which is also a real newspaper: the *Daily Herald* fills the bill.

Lastly, there is the *News-Chronicle* — the organ, as someone rather unkindly said, "of the official Liberals whenever it can find out which they are." Controlled by the Quaker family of the Cadburys, of cocoa manufacturing fame, the *News-Chronicle* nevertheless does for the Liberals what the *Daily Herald* does for the Laborites. It is internationalist but not socialist; and equally opposed to fascism and communism. Although a fervent supporter of disarmament, the *News-Chronicle* recently caused some

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consternation by coming out strongly in favor of the most drastic possible interpretation of Britain's commitments under the Locarno pacts; but it remains very definitely a Left paper.

As I have indicated, each of London's three evening newspapers is published by a firm which also issues a morning newspaper (the *Star*, the third of the trio, being the evening edition of the *News-Chronicle*). Each follows fairly faithfully the politics of its morning edition — as do the Sunday newspapers published under the ægis of the dailies. There are several Sunday newspapers which appear independently; but only one of these — the *Observer*, owned by Lord Astor — carries any particular weight. This journal is independently Conservative in politics; and at a certain distance follows the *Times* in giving general backing to the government of the day.

Among the provincial newspapers the *Manchester Guardian* stands head and shoulders above the rest as a national, and indeed an international, force. Owned by the family of the late C. P. Scott, it is perhaps the chief organ of enlightened progressive thought in England. In its field it is almost as well known as the *Times* is in its own: it is, in the best sense of the terms, an intelligent, liberal, reasonable, and urbane newspaper, read as carefully by its opponents as by its adherents.

The cause of conservatism is well served in the provinces by the *Scotsman* of Edinburgh; the *Birmingham Post;* and the Leeds *Mercury* and *Yorkshire Post*. The Liverpool *Post* is a first-class Liberal newspaper; while among independent journals worthy of mention are the Glasgow *Daily Record and Herald* and the Liverpool *Echo*. None of these can hope to compete with the London papers in circulation or influence; but their local standing is excellent, and they represent communal forces.

Finally, there exist in England several hundred weekly newspapers. These appear both in the smaller country towns and also, curiously enough, in those sections of London which fifty or a hundred years ago were independent villages, and which still retain a certain local homogeneity. Like the American country weeklies, they deal largely with personal and local affairs; but, unlike the American ones, they concern themselves editorially scarcely at all with national or foreign politics, and thus constitute a negligible factor as regards effect upon public opinion. This once again merely serves to illustrate the inescapable dominance in England of the London daily press.

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# GERMAN DEBTS AND EXPORT BOUNTIES

*By William O. Scroggs*

IN THESE days of moratoria and defaults on international obligations any revision of an existing arrangement which is made in behalf of the creditors is worthy of special notice. Such a revision was actually agreed to by the German Government on January 31, 1934, when its representatives consented to permit the payment of 76.9 percent of the interest due on certain long-term bonds, instead of the 65 percent which had been fixed as the limit in December.

This arrangement breaks the chain in a long series of reductions of the foreign claims on Germany. It will be recalled that at the time of the peace treaties there was talk for a time among some of the Allied delegations of collecting something like $200,000,000,000 from the Central Powers, with Germany assuming responsibility for ultimate payment of the Austrian and Hungarian quotas as well as her own. The amount of the Allied claims was not fixed in the treaties, but when the bill was presented later it revealed a sharp scaling down of the earlier estimates. These reductions were continued in subsequent revisions, and the story may be briefly summarized as follows:

1. May 5, 1921. The London settlement fixed Germany's direct and indirect liability at 132,000,000,000 gold marks ($31,400,000,000). The share of this to be assumed by the other Central Powers was not fixed, but Germany was to be responsible for the whole amount in case of default by her former allies. The annual instalments due from Germany were fixed at the equivalent of $500,000,000 plus a sum equal to 25 percent of the value of her exports, or a computed total of approximately $750,000,000.

2. March 21, 1922. Germany's cash payments for 1922 were reduced to $180,000,000, with the understanding that payments in kind were to continue.

3. August 31, 1922. Cash payments were suspended for six months.

4. January 11, 1923. French and Belgian troops marched into the Ruhr district because of Germany's default on payments in kind, and all payments under the London agreement came to an end. Some revenue, however, was collected by the occupation authorities.

5. September 1, 1924. Payments began under the Dawes Plan. Total payments were not fixed, but payment in the first year amounted to about one-third of those contemplated in the London agreement. The payments were scheduled to increase until in the fifth, and thereafter the "standard," year (1928–1929) they reached the sum of 2,500,000,000 gold marks ($600,000,000).

6. September 1, 1929. The Young Plan became operative, and for the years immediately ahead payments were reduced by approximately a third from those of the Dawes Plan "standard year."

7. June 20, 1931. President Hoover announced his plan for a moratorium of one year on all intergovernmental debts. Its acceptance by Germany's creditors relieved her of further reparation payments until July 1, 1932.

8. July 8, 1932. The Lausanne Conference agreed to liquidate all claims for

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reparations with a final payment by Germany of 3,000,000,000 reichsmarks ($714,000,000). Payment was to be made in 5 percent bonds, to be issued at 90 in not less than three years nor more than fifteen years after 1932, and to be sold "only when Germany's economic situation made it practicable."

While Germany's indebtedness on account of reparations was thus being reduced virtually to the vanishing point, she was also obtaining a large degree of relief from the burden of her private debts. These relief measures may also be summarized:

1. September 17, 1931. A "standstill" agreement provided a moratorium of six months on Germany's short-term external debts, representing loans by foreign banks to German financial institutions.

2. January 23, 1932. The "standstill" agreement was extended to February 28, 1933.

3. February 17, 1933. The "standstill" agreement was renewed for another year.

4. June 9, 1933. The German government decreed a transfer moratorium for six months on all public and private debts contracted before July, 1931, except those covered by the "standstill" agreement. This decree was modified shortly afterward so as to exclude from the moratorium the Dawes Plan loan of 1924 and the Young Plan loan of 1930 and to provide for a maximum payment in cash of 50 percent of the amount due on other loans. The remaining 50 percent was to be paid in scrip, redeemable at 50 percent of its par value. The creditors would thus eventually obtain 75 percent of their interest.

5. June 16, 1933. The "standstill" agreement was modified in Germany's favor by fractional reductions in the rate of interest on the short-term loans and by further postponement of certain guaranteed repayments.

6. December 18, 1933. Dr. Hjalmar Schacht, president of the Reichsbank, announced that during the first half of 1934 cash transfers on the long-term debts would be further reduced to 30 percent, and that the remainder would be paid in scrip still redeemable at 50 percent of its face value. Under this arrangement the proportion of the interest to be paid the holders of German bonds would be reduced from 75 to 65 percent.

The transfer moratorium of June 1933 evoked much resentment among Germany's creditors and brought a sharp protest from the American bankers who had floated some $1,000,000,000 in German bonds in the United States. In December a committee of Germany's creditors conferred with Reichsbank officials and urged the termination of the moratorium at the end of the year. As proof of Germany's ability to meet the debt service they called attention to her favorable trade balance of the past six months, to the automatic reduction of the American debt charges through the depreciation of the dollar, and to the heavy buying by German investors of German securities at depressed prices in foreign markets, thereby further reducing the burden of the external debt.

The German answer was a continuation of the moratorium for another six months and also, as already indicated, a reduction of the payments to 65 percent of the amount due. But this was not the whole story. Germany had not only reduced her debt payments by unilateral action, but she had not treated all her creditors alike; the moratorium did not extend to the Dutch and Swiss holders of her bonds. The Netherlands and Switzerland, which ranked

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next to the United States as creditors of Germany, had protested and threatened reprisals when the moratorium was proclaimed in June 1933. The German Government thereupon entered into agreements with these countries under which their nationals would receive full payment of interest on German bonds in return for certain concessions to German exports.

This favored treatment brought strong protests from the American and British Governments. The outcome was a new conference between Germany and her creditors in Berlin in the last week of January. Under an agreement concluded on January 31, Germany is to end her preferential treatment of Dutch and Swiss bondholders on June 30, 1934. The partial moratorium, however, is to continue; 30 percent of the interest will still be remitted in cash and 70 percent in scrip, but the scrip issued in 1934 is to be redeemed at 67 percent of its face value, instead of 50 percent as heretofore. The total interest payments were thus raised from 65 to 76.9 percent of the contractual obligation, and this revision was expected to add somewhat more than $3,000,000 to the income of American bondholders during 1934.

This new agreement is significant in at least one respect. It represents a gain for creditors after they had been making repeated concessions to German debtors over a period of years. On the other hand, it still leaves the creditors with scrip which can be disposed of only at a sacrifice, and which, when disposed of, bestows a bounty on the German exporter and may enable him to undersell his American or British competitors.

By proclaiming a partial moratorium on long-term obligations the German Government has not only checked a possible drain on the gold and foreign exchange reserves of the Reichsbank, but it has also linked debt payments with increased exports. Under a rather complicated device, the scrip marks are purchased abroad at a discount and exchanged at full face value in Germany for ordinary marks. The profit from this exchange is employed to subsidize German exports. The Reichsbank authorities are careful to limit the subsidy which any exporter thus receives to an amount which may enable him merely to obtain the desired foreign orders. The amount of this subsidy will depend on the trade obstacles which must be overcome. The system is an outgrowth of debts, tariffs, exchange depreciation, and the various other factors which in recent years have disturbed the international flow of goods and capital. Germany insists that she can maintain the service on her huge long-term debts to the United States only by a sharp increase in her exports. Whether she has discharged her obligations as a debtor during the past year as faithfully as she might have done is a moot question. If it is true, as she contends, that she must increase her exports in order to pay her debts, the outlook for her creditors is not very promising; for any substantial increase without continuing some form of subsidy is hardly to be expected.

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# SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

*By William L. Langer*

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## *General: Political and Legal*

POLITICAL HANDBOOK OF THE WORLD, 1934. EDITED BY WALTER H. MALLORY. Published for the Council on Foreign Relations. New York: Harper, 1934, 208 pp. $2.50.

The new edition, revised to January 1, 1934, of what has come to be considered an authoritative guide to the parliaments, parties and press of all the countries of the world. It also contains a section on the organization, functions and personnel of the League of Nations, the World Court and the International Labor Organization.

SURVEY OF INTERNATIONAL AFFAIRS, 1932. BY ARNOLD J. TOYNBEE. New York: Oxford University Press, 1933, 653 pp. $8.00.

This latest volume of the indispensable survey published under the auspices of the Royal Institute of International Affairs opens with several chapters of an economic nature, in which H. V. Hodson reviews the world tariff and debt situation, while R. J. Stopford and Jules Menken take up the problem of reparations and war debts, German and non-German. The bulk of the volume, however, is devoted to a survey of the further developments of the disarmament and security questions, and to an analysis of the situation in north-eastern Europe and in the Far East. The volume, like its predecessors, is written with clarity and grasp, and will require no special recommendation.

DOCUMENTS ON INTERNATIONAL AFFAIRS, 1932. EDITED BY JOHN W. WHEELER-BENNETT AND STEPHEN HEALD. New York: Oxford University Press, 1933, 437 pp. $6.50.

The companion volume to the preceding, fuller than before and more useful.

IN PURSUIT OF PEACE. EDITED BY GEORGE P. GOOCH. London: Methuen, 1933, 134 pp. 3/6.

Ten lectures on various aspects of the peace problem by a number of eminent writers.

PROBLEMS OF PEACE. Eighth series. New York: Oxford University Press, 1934, 291 pp. $2.75.

A collection of lectures delivered at Geneva in August, 1933.

THE PROGRESS OF INTERNATIONAL GOVERNMENT. BY DAVID MITRANY. New Haven: Yale University Press, 1933, 176 pp. $2.00.

These four lectures supply a general review of the evolution of international government and an analysis of the outstanding problems raised by the process. Unlike many writers, the author does not allow himself to be carried away by enthusiasm for an ideal, and deals less with the desirable than with the reasonable and the feasible.

INTERNATIONAL ORGANIZATION. BY HAROLD M. VINACKE. New York: Crofts, 1934, 483 pp. $5.00.

A general text, examining present arrangements for international legislation, adjudication, execution and administration.

THE LEAGUE IN OUR TIME. BY KATHLEEN GIBBERD. New York: Peter Smith, 1933, 237 pp. $1.50.

A lively review of the League's constitution and achievements.

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COSMOPOLITAN CONVERSATION. By Herbert N. Shenton. New York: Columbia University Press, 1933, 803 pp. $7.50.

An interesting technical study reviewing the national composition of almost 1500 international conferences and describing the language problem at such assemblies.

THE UNANIMITY RULE AND THE LEAGUE OF NATIONS. By Cromwell A. Riches. Baltimore: Johns Hopkins Press, 1933, 235 pp. $2.25.

A minute examination of the origin of the unanimity rule, the modifications it has undergone in practice, and its effect on the working of the Assembly and the Council.

COMMENTAIRE THÉORÈTIQUE ET PRATIQUE DU PACTE DE LA SOCIÉTÉ DES NATIONS ET DES STATUTS DE L'UNION PANAMÉRICAINE. By J. M. Yepes and Pereira da Silva. Paris: Pedone, 1934, 320 pp. Fr. 40.

The first volume of a detailed legal analysis comparing the organization and activity of the League and the Union, and stressing the fact that the two organizations are doing parallel work and that some sort of connection between them should be established.

JUDICIAL ASPECTS OF FOREIGN RELATIONS, IN PARTICULAR OF THE RECOGNITION OF FOREIGN POWERS. By Louis L. Jaffe. Cambridge: Harvard University Press, 1933, 289 pp. $3.50.

A technical monograph of timely interest.

L'ARMISTICE DANS LE DROIT DES GENS. By M. Sibert. Paris: Pedone, 1933, 64 pp. Fr. 15.

Another scholarly analysis of an important point in international law.

PLEBISCITES SINCE THE WORLD WAR. By Sarah Wambaugh. Washington: Carnegie Endowment, 1933, 2 v. $5.00.

In view of the coming plebiscite in the Saar Basin, many students of international affairs will want to study this book. Miss Wambaugh is an authority on the subject, and this new study is really the continuation of an earlier one which appeared in 1920. Since that time the author has been connected with the League as an expert, and also had a hand in the Tacna-Arica problem. Her account of a long list of plebiscites and attempted plebiscites is detailed and heavily documented. The whole second volume is devoted to documents. The work is not only valuable, but interesting.

REGIONAL GUARANTEES OF MINORITY RIGHTS. By Julius Stone. New York: Macmillan, 1933, 310 pp. $3.75.

One of the few competent studies of the actual working of minority provisions. The author analyzes the arrangements for Upper Silesia under the terms of the 1922 convention, and studies the procedure before the Mixed Commission and the League Council. The conclusion is very favorable to the plan of regional guarantees.

THE INTELLIGENT MAN'S WAY TO PREVENT WAR. Edited by Leonard Woolf. London: Gollancz, 1933, 564 pp. 5/.

A collection of essays by prominent pacifists, including Norman Angell, Harold Laski, Gilbert Murray, Viscount Cecil, etc.

CAN WE LIMIT WAR? By Hoffman Nickerson. New York: Stokes, 1934, 317 pp. $2.75.

An historical review of the progress made in limiting war, with some discussion of the need for the organization for peace.

ALMANACH DE GOTHA. Gotha: Justus Perthes, 1934, 1372 pp.

The 171st publication of a standard genealogical, diplomatic and statistical book of reference.

## *General: Economic*

CURRENT MONETARY ISSUES. By Leo Pasvolsky. Washington: Brookings Institution, 1933, 192 pp. $1.50.

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An able analytical study of the whole question and of the course of events since the London Conference, with special reference to the new departures in this country.

WHAT EVERYBODY WANTS TO KNOW ABOUT MONEY. Edited by G. D. H. Cole. New York: Knopf, 1933, 435 pp. $3.00.

A collection of essays by experts, designed to give the layman a fairly complete survey of all important phases of the subject.

GOLD, UNEMPLOYMENT, AND CAPITALISM. By T. E. Gregory. London: King, 1933, 324 pp. 12/.

A reprint of articles by an eminent British economist, dealing with a large variety of questions, such as the gold problem, central banks, international trade, planning, etc.

TRADE DEPRESSION AND THE WAY OUT. By R. G. Hawtrey. London: Longmans, 1933, 183 pp. 7/6.

A new and entirely revised edition of a study of the monetary and banking aspects of the world crisis, by a leading English authority.

MONEY: GOLD, SILVER, PAPER. By Francis W. Hirst. New York: Scribner's, 1934, 300 pp. $2.00.

Written by the former editor of the London *Economist*, this is a fascinating popular history of money and its various forms, followed by a discussion of the present world monetary situation.

THE DOLLAR, THE FRANC, AND INFLATION. By Eleanor L. Dulles. New York: Macmillan, 1933, 113 pp. $1.25.

The author, who has written extensively on the French monetary problem, here gives a valuable comparison of the American situation with that faced by France seven years ago.

FACTS AND FIGURES ABOUT THE CRISIS. By H. Dunlop. New York: Stechert, 1933, 151 pp. $1.50.

Chiefly to support the argument for silver.

THE STERLING-DOLLAR-FRANC TANGLE. By Paul Einzig. New York: Macmillan, 1933, 219 pp. $1.75.

A popular writer on international finance reviews the international aspects of current monetary policies.

A CRITIQUE OF THE GOLD STANDARD. By H. L. Puxley. London: Allen and Unwin, 1934, 272 pp. 10/6.

A detailed critical discussion culminating in an argument for international coöperation and the need for a world bank over and above the central banks.

ECONOMIC NATIONALISM. Compiled by James G. Hodgson. New York: Wilson, 1933, 208 pp. $.90.

A volume in the Reference Shelf Series, giving excerpts and a bibliography.

CAPITALISM, COMMUNISM, AND THE TRANSITION. By Emile Burns. London: Gollancz, 1933, 287 pp. 5/.

What is wrong with capitalism and how, after a long and painful transition, the communist millennium will be ushered in.

LA CRISE DU CAPITALISME. By G. Pirou. Paris: Sirey, 1933, 138 pp. Fr. 15.

A series of essays on capitalism and planning, socialism and capitalism, capitalism and nationalism, etc., by a professor at the University of Paris.

FOREIGN BONDS. By Max Winkler. Philadelphia: Swain, 1933, 311 pp. $3.50.

The writer, an authority in the field of international finance, reviews the historical evolution of default and the methods that have been taken to deal with it. He then

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analyzes the steps by which the American public discovered the world and by which the same public was induced to sink billions of dollars in questionable foreign investments. Professor Winkler presents his depressing picture in lively and interesting fashion.

L'AGRICULTURE DANS L'ÉVOLUTION DE LA CRISE MONDIALE. By Alquier, Felcourt, Lyautey, etc. Paris: Alcan, 1933, 233 pp. Fr. 20.

A series of lectures delivered at the Institut National d'Agronomie.

LA GUERRE SECRÈTE POUR LE PÉTROLE. By Antoine Zischka. Paris: Payot, 1933, 224 pp. Fr. 18.

A dramatized, journalistic account of the world struggle for oil.

## *International Relations of the United States*

THE UNITED STATES IN WORLD AFFAIRS, 1933. Prepared by William O. Scroggs and the Research Staff of the Council on Foreign Relations. Edited and with an Introduction by Walter Lippmann. New York: Harper, 1934, 324 pp. $3.00.

This third volume of an important series emphasizes especially the effect of the policies of the Roosevelt Administration upon the international relations of the United States. The authors discuss such important topics as the recognition of Russia, the Cuban revolution, the Disarmament Conference in Geneva, the Economic Conference in London, the Pan-American Conference in Montevideo, the warfare in South America and the Far East, and the international problems created by tariffs, exchange control, silver, foreign debts and the gold standard. The whole is interpreted in an introduction by Walter Lippmann, who also had general supervision of the book's preparation. An appendix of documentary and statistical material makes it an invaluable reference work.

WILSON: APÔTRE ET MARTYR. By Lucien Lehmann. Paris: Maisonneuve, 1933, 400 pp.

A glowing appreciation of Wilson and his ideology.

OVER HERE, 1914–1918. By Mark Sullivan. New York: Scribner, 1933, 700 pp. $3.75.

Continuing the author's lively account of American political and social life.

THE IDEA OF NATIONAL INTEREST. By Charles A. Beard. New York: Macmillan, 1934, 583 pp. $3.75.

One of the important books of the quarter, by a well-known historian and writer on American policy. Professor Beard describes this new book as an analytical study in American foreign policy. After examining the "pivots" of foreign policy, he takes national interest as the motive power and subjects it to a careful dissection. What is the national interest in territorial or commercial expansion? What is the national interest in foreign investments? These and similar questions are raised by the discussion. The author puts emphasis upon the fact that the beginning of the great depression gave a severe shock to the traditional ideas of expansion and *Machtpolitik*, but he also points out that the revolution wrought by the present administration in the question of domestic relations has not been extended to international affairs. We are back to the big naval programs, and have yet a long way to go before a new conception of national interest has been completely evolved.

ROOSEVELT AND HIS AMERICA. By Bernard Faÿ. Boston: Little, Brown, 1933, 325 pp. $2.75.

The English translation of a brilliant French interpretation, already noted.

ROOSEVELT: EIN REVOLUTIONÄR AUS COMMON SENSE. By H. Magers. Leipzig: Kittler, 1933, 131 pp. M. 3.40.

A sympathetic German view of Roosevelt and the American "revolution."

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LA CRISE DU CAPITALISME AMÉRICAIN. By Bertrand de Jouvenel. Paris: Gallimard, 1933, 387 pp. Fr. 24.

A keen, though hardly novel analysis, based in part on personal observation.

TREATIES DEFEATED BY THE SENATE. By W. Stull Holt. Baltimore: Johns Hopkins Press, 1933, 334 pp. $3.00.

An historical survey of the conflict between the executive and the Senate for the control of American foreign relations, with an analysis of the part played by political manoeuvres in the acceptance or rejection of treaties.

THE UNITED STATES AND THE CARIBBEAN. By Dana G. Munro. Boston: World Peace Foundation, 1934, 322 pp. $2.00.

A documented survey prepared by the former American Minister to Haiti.

LOS ESTRANGULADOS. By Hernán Robleto. Madrid: Rot, 1933, 231 pp.

Another vitriolic Spanish attack upon American policy in Nicaragua.

## *The World War*

LES CAUSES DE LA GUERRE MONDIALE. By Camille Bloch. Paris: Hartmann, 1933, 256 pp. Fr. 12.

A popular presentation of the subject, written by the director of the Musée de la Grande Guerre, essentially a restatement of the traditional French view.

THE OUTBREAK OF WAR 1914. By E. F. Benson. New York: Putnam, 1934, 167 pp. $1.50.

Interesting chiefly for the picture it gives of the reaction of the man in the street.

UN DÉBAT HISTORIQUE. By Jules Isaac. Paris: Rieder, 1933, 270 pp.

An able and interesting analysis of the works of Barnes, Fay and Schmitt.

SIR EDWARD GREY UND DAS FOREIGN OFFICE. By Margret Boveri. Berlin: Rothschild, 1933, 198 pp.

A scholarly monograph examining the organization of the British foreign office, the influence of the crown, the position of the permanent secretaries, and the personalities of the foreign office in the time of Grey.

GREAT BRITAIN AND THE GERMAN TRADE RIVALRY, 1875–1914. By Ross J. S. Hoffman. Philadelphia: University of Pennsylvania Press, 1933, 375 pp. $3.50.

Considering the importance of the economic aspect of international relations in the pre-war period, it is surprising that no effort has hitherto been made to study the Anglo-German commercial rivalry from the sources. The present conscientious piece of work fills a large gap. The author has gone through huge masses of commercial reports, statistical collections, parliamentary investigations and contemporary periodical material. He gives a detailed picture of the evolution of the Anglo-German problem, and makes a significant contribution to the literature of war origins.

DOCUMENTS DIPLOMATIQUES FRANÇAIS RELATIFS AUX ORIGINES DE LA GUERRE DE 1914. Series III, volume VI. Paris: Costes, 1933, 798 pp. Fr. 60.

This latest volume of the French official publication covers the period from March 15 to March 31, 1913.

DIE INTERNATIONALEN BEZIEHUNGEN IM ZEITALTER DES IMPERIALISMUS. Series I, volume III. Berlin: Hobbing, 1933, 392 pp. M. 45.

The latest volume of the official Russian documents. It covers the period from May 14 to June 27, 1914.

AU SERVICE DE LA FRANCE. By Raymond Poincaré. Paris: Plon, 1933, 476 pp. Fr. 36.

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Volume X of the French statesman's important memoirs, dealing with the year 1918 to the conclusion of the armistice and the recovery of Alsace and Lorraine. The book throws much light on the relations of Poincaré and Clemenceau and makes no bones about reaffirming the former president's desire for a more decisive victory.

ERINNERUNGEN AN MEINE BOTSCHAFTERZEIT IN RUSSLAND 1914. By Count Cartagena. Berlin: Quaderverlag, 1933, 120 pp. M. 2.20.

Reminiscences of the Spanish ambassador at St. Petersburg, in which he gives a vivid picture of life in the Russian capital and states his opinion that the Germans did all they could to preserve peace.

ERINNERUNGEN EINES SOLDATEN. By General von Einem. Leipzig: Koehler, 1933, 189 pp. M. 4.80.

Einem was Minister of War from 1903 to 1909, and his memoirs throw considerable light on some of the pre-war crises.

HAIG. By Brigadier-General J. Charteris. New York: Macmillan, 1933, 144 pp. $.75.

A popular character-study, by one of Haig's close associates, containing no revelations.

LORD RIDDELL'S INTIMATE DIARY OF THE PEACE CONFERENCE AND AFTER, 1918–1923. New York: Reynal and Hitchcock, 1934, 435 pp. $3.75.

The earlier volume of these memoirs has already been noted. Lord Riddell here gives a rather subjective account of the peace conference, and has much of interest to say about Lloyd George and his policy.

VATICAN DIPLOMACY IN THE WORLD WAR. By Humphrey Johnson. London: Blackwell, 1933, 46 pp. 1/6.

An able scholarly essay, by a serious student of Papal diplomacy.

LA MOBILIZAZIONE DELL'ITALIA IN GUERRA. By Vittorio Franchini. Rome: Ministero della Guerra, 1933, L. 20.

Part of the official Italian history of the war.

LA CONFÉRENCE DE DOULLENS. By P. Carpentier and P. Rudet. Paris: Pedone, 1933, Fr. 12.

How the united command was put through; an account based in part on the testimony of those concerned.

DURCH BUSCH UND BLOKADE. By E. R. Petersen. Stuttgart: Thienemann, 1933, 108 pp. M. 2.

An account of the war in the Cameroons.

LA CONQUÊTE DU CAMEROUN. By General Aymerich. Paris: Payot, 1933, 208 pp. Fr. 20.

An authoritative account, by the general commanding the Cameroons expedition.

ADMIRALSREBELLION ODER MATROSENREVOLTE? By H. Kutscher. Stuttgart: Kohlhammer, 1933, 130 pp. M. 3.

A careful reconsideration of the question of the use of the German navy in the last days of the war.

LA BATTAGLIA DELLO JUTLAND. By E. Corbino. Milan: Giuffve, 1933, 384 pp. L. 32.

The great naval battle analyzed, with special stress on its economic importance.

BRITAIN'S MASTER SPY. By Sidney G. Reilly. New York: Harper, 1933, 309 pp. $2.75.

The story of the daring British agent who was so deeply involved in anti-Bolshevik activities in Moscow.

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I "CAVALIERI DELL'ARIA" NELLA GRANDE GUERRA. By C. Prepositi. Bologna: Cappelli, 1933, 235 pp. L. 10.

Designed to show the primacy of the Italian air service from the Tripolitan War through the Great War.

## *Western Europe*

DAS ZEITALTER DES IMPERIALISMUS. Volume X of the Propyläen-Weltgeschichte. Berlin: Propyläen-Verlag, 1933, 610 pp. M. 35.

This concluding volume of an authoritative and beautifully illustrated German world history covers the years 1890–1933.

PEST OVER EUROPA. By Hartvig Frisch. Copenhagen: Koppel, 1933, 360 pp. Kr. 7.

A well-written survey of the struggle between democracy and dictatorship, the rising tide of nationalism, and other phenomena of the past decade.

THE UNITED STATES OF EUROPE. By Sir Arthur Salter. New York: Reynal and Hitchcock, 1934, 303 pp. $2.50.

A collection of unpublished personal memoranda on world problems, covering the period from 1919 down to the present.

AUFBAU DES ABENDLANDES. By E. Freiherr von Sarkotič. Vienna: Manz, 1933, 145 pp. M. 3.50.

A scheme for the resurrection of Europe based upon the possibilities of the Four Power Pact.

IL PATTO MUSSOLINI. By Francesco Salata. Milan: Mondadori. 1933, 356 pp. L. 15.

A history and analysis of the Four Power Pact, with all the documents.

WHAT ME BEFELL. By Jules J. Jusserand. Boston: Houghton Mifflin, 1933, 375 pp. $4.50.

Beautifully written and entertaining reminiscences of the former French Ambassador to Washington. Historically they are of only slight importance.

FRANCE-ALLEMAGNE. By Fernand de Brinon. Paris: Grasset, 1934, Fr. 15.

The age-old rivalry reconsidered, with an eye to the future, by a French journalist.

SCRITTI E DISCORSI DI BENITO MUSSOLINI. Milan: Hoepli, 1933, 2 v.

Volume I (1914–1919) and VII (1929–1931) of the speeches and articles of the Italian premier. The authoritative edition.

THROUGH FASCISM TO WORLD POWER. By Ion S. Munro. London: MacLehose, 1933, 420 pp. 12/6.

A competent and by no means uncritical history of fascist theory and practice, by the Rome correspondent of the London *Morning Post*.

DE ALFONSO XIII A LERROUX. By José Carretero. Madrid: San Martín, 1933, 230 pp. Pes. 4.

The author argues that constitutional guarantees are as much violated by the new as by the old régime.

THE NEW SPAIN. By Sir George Young. London: Methuen, 1933, 201 pp. 7/6.

A stimulating and provocative analysis of the present situation, by a writer who does not mince words.

DEUTSCHE GESCHICHTE NATIONALSOZIALISTISCH GESEHEN. By Erich Czech-Jochberg. Leipzig: Reclam, 1933, 344 pp. M. 4.80.

An early example of the new German history, gotten out for the man in the street.

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DURCHBRUCH ZUR NATION. By H. Ullmann. Jena: Dietrichs, 1933, 341 pp. M. 5.80.

A history of the German people from 1919 to 1933, and an inquiry into the political and psychological causes which led to the Third Reich.

GESCHICHTE DES DRITTEN REICHES. By W. Bade. Lübeck: Coleman, 1933, 118 pp. M. 3.

The first volume, covering 1918–1919, of a larger history of the national movement.

LA REVOLUTION ALLEMANDE. By Wladimir d'Ormesson. Paris: Bloud et Gay, 1933, 256 pp. Fr. 20.

One of the best and most understanding French accounts of the recent period, by a former French diplomat.

REVOLUTION DER DEUTSCHEN. By Julius Goebbels. Oldenburg: Stalling, 1933, 230 pp. M. 4.80.

A collection of fourteen speeches delivered by the Minister for Propaganda in the years 1929–1933.

CHAMBERLAIN, DER SEHER DES DRITTEN REICHES. Edited by G. Schott. Munich: Bruckmann, 1933, 120 pp. M. 3.50.

Selections from the writings of Houston Stewart Chamberlain, in which he is supposed to have forecast recent developments.

DAS IST NATIONALSOZIALISMUS. By E. Huber. Stuttgart: Union, 1933, 178 pp. M. 4.

An account of the organization and aims of the Nazi party, by a prominent member.

OÙ VA L'ALLEMAGNE? OÙ VA L'EUROPE? OÙ VA LE MONDE? By Henri Guilbeaux. Paris: Mignolet, 1933, 320 pp. Fr. 12.

A general stock-taking of the world situation, by a French journalist.

GERMANY, MY COUNTRY. By Friedrich Sieburg. London: Cape, 1933, 288 pp. 10/6.

The English translation of a study by a clever German writer, who, however, does not always succeed in making himself entirely clear.

PRELUDE TO HITLER. By B. T. Reynolds. London: Cape, 1933, 288 pp. 7/6.

A British army officer, stationed on the Rhine over a number of years, reviews the development of the German situation in the decade after the peace.

NAZI GERMANY EXPLAINED. By Vernon Bartlett. London: Gollancz, 1933, 288 pp. 5/.

A personal interpretation which avoids hysteria.

HITLER, WHENCE AND WHITHER? By Wickham Steed. London: Nisbet, 1934, 189 pp. 3/6.

A well-known English journalist reviews the life and character of Hitler and the teachings of his movement.

NAZI GERMANY MEANS WAR. By Leland Stowe. London: Faber, 1933, 97 pp. 2/6.

An American journalist, Paris correspondent of the *New York Herald-Tribune*, gets a real shock after a visit to Germany and a look at German militarism.

AN EYEWITNESS IN GERMANY. By Fredrik Böök. London: Dickson, 1933, 249 pp. 6/.

A sympathetic Swedish correspondent appraises the developments of the first six months of Nazi rule, pointing out the good sides and condemning the racial excesses.

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GERMANY'S DEFAULT. By Paul Einzig. London: Macmillan, 1934, 138 pp. 7/6.
A well-known financial writer exposes the economic aims of the Nazi régime.

MURDER, MADE IN GERMANY. By Heinz Leipmann. London: Hamish Hamilton, 1934, 282 pp. 7/6.
The story of present-day Germany from a viewpoint indicated by the title.

THE NEW CHURCH AND THE NEW GERMANY. By Charles S. Macfarland. New York: Macmillan, 1934, 221 pp. $2.25.
The author, formerly secretary of the Federal Council of the Churches of Christ in America, discusses the entire religious situation in Germany. The book is written with intimate knowledge of the special problem under review, though with rather less knowledge of the national scene as a whole. In addition to a discussion of the factional strife in the Evangelical Church, the author has something to say about the Concordat with the Papacy and about the anti-Jewish legislation.

HITLER PAR LUI-MÊME. By Charles Appuhn. Paris: Haumont, 1933, Fr. 10.
An analysis of Hitler's "Mein Kampf," with conclusions that may be imagined.

MIT HITLER IN DIE MACHT. By O. Dietrich. Munich: Eher, 1934, 209 pp. M. 3.50.
An intimate picture, by one of Hitler's associates who has travelled regularly with him, written in the vein that would be expected.

THE HITLER DECREES. By James K. Pollock and Harlow J. Heneman. Ann Arbor: Wahr, 1934, 83 pp.
A timely and convenient translation and collection of the most important Nazi legislation as it bears on the transformation of the political system.

SEIS MENSES CON LOS NAZIS. By César Gonzalez Ruano. Madrid: La Nación, 1933, 382 pp. Pes. 6.
A Spanish journalist's observations in the new Germany, with emphasis on the new nationalism.

RAUM DEUTSCHER ZUKUNFT. By K. Freytag. Dresden: Reissner, 1933, 251 pp. M. 5.50.
A consideration of the situation in the East, with special reference to the opportunities for German expansion.

VOLK JENSEITS DER GRENZEN. By Richard Bahr. Hamburg: Hanseatische Verlagsanstalt, 1933, 461 pp.
A large-scale history and descriptive work on the German minorities abroad.

REICHSMARINE UND SEEMACHTFRAGEN DER GEGENWART. Anonymous. Leipzig: Kittler, 1934, 176 pp. M. 4.
A reëxamination of Germany's naval status, her needs and her rights.

GESCHICHTE ÖSTERREICHS IM 20ten JAHRHUNDERT. By Viktor Bibl. Leipzig: Steyrermühl Verlag, 1933, 110 pp. 90 Pf.
A brief popular sketch of the last years of the Hapsburg Monarchy and the first years of the new state, by an Austrian liberal.

## *Eastern Europe*

LA POLOGNE DE 963 À 1914. By O. Halecki. Paris, 1933, 348 pp.
An able, well-balanced synthesis of Polish history, published at the time of the International Historical Congress at Warsaw.

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ELECTRONIC REPRODUCTION PROHIBITED

POLAND PAST AND PRESENT. By Stefan Karski. New York: Putnam, 1933, 160 pp. $2.00.
A brief popular outline.

PADEREWSKI. By Charles Phillips. New York: Macmillan, 1934, 577 pp. $4.00.
A general biography of the artist and statesman, by a warm admirer.

ŚWIT WIELKIEGODNIA. By Z. Zawiszanka. Warsaw: 1933, 332 pp.
A contribution to the history of the early years of Pilsudski.

LA LITHUANIE MODERNE. By Henry de Chambon. Paris: Revue Parlementaire, 1934, Fr. 25.
A competent history of Lithuania since 1919, in its political, social and economic aspects.

MOSCOW, 1911–1933. By Allan Monkhouse. Boston: Little, Brown, 1934, 334 pp. $3.50.
The author, the leading figure in the great Moscow trial of recent date, here recounts his impressions of Russia in the pre-war and war years, as well as his observations of the bolshevik régime. Despite his experiences he does not appear to be soured, but gives a frank and sincere discussion of what seemed to him the good and the bad points of Russia and the Russians, including the Bolsheviks. Perhaps the most valuable part is the one in which the writer discourses on the aims and achievements of the Five Year Plan. He regards himself and his colleagues as scapegoats for the shortcomings of the program, but in no way attempts to minimize the accomplishments of the régime.

FROM BROADWAY TO MOSCOW. By Marjorie E. Smith. New York: Macaulay, 1934, 317 pp. $2.00.
The experiences of the wife of an American communist during ten months in Russia.

MY RUSSIAN NEIGHBORS. By Alexander Wicksteed. New York: Whittlesey House, 1934, 218 pp. $1.75.
The author is an Englishman who for ten years has been teaching in Moscow schools. He here gives a warm and enthusiastic appreciation of modern Russia.

RED MEDICINE. By Sir Arthur Newsholme and John A. Kingsbury. New York: Doubleday, Doran, 1933, 324 pp. $2.50.
An authoritative and distinctly favorable report on the Soviet health administration.

THE HOMESICK MILLION. By W. Chapin Huntington. Boston: Stratford, 1933, 307 pp. $3.00.
A sympathetic study of the Russian emigration.

LA REPÚBLICA CHECOSLOVACA. By Vlastimil Kybal. Madrid: Marzo, 1933, 325 pp. Pes. 5.
A general survey of the political system of the Czechoslovak state, together with some discussion of its economic possibilities.

ERLEBNISSE UND ERGEBNISSE. By Count Albert Apponyi. Berlin: Keil, 1933, 286 pp. M. 6.50.
The reminiscences of the most famous Hungarian statesman, including some reflections on his visit to the United States, his Italian experiences, and his League activities.

REVOLUTION, BOLCHÉVISME, RÉACTION. By Louis Varjassy. Paris: Jouve, 1933, 156 pp. Fr. 20.
A history of the French occupation in Hungary in the years 1918–1919.

LA PETITE ENTENTE. By V. M. Radovanovitch. Paris: Pedone, 1933, 65 pp.
A technical, historical and analytical monograph, stressing recent developments.

LA GUERRE REVIENT. By Henri Pozzi. Paris: Berger, 1933, 362 pp.

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ELECTRONIC REPRODUCTION PROHIBITED

Travel impressions of a French journalist in the Balkans, with some contribution to the question of Serbia's complicity in the Sarajevo plot.

ISTORIJA JUGOSLAVIJE. By Vladimir Corovic. Belgrade: 1933, 614 pp.
A weighty general history of the Southern Slavs, from the earliest times to the present.

LES LUTTES DES ROUMAINS TRANSYLVAINS POUR LA LIBERTÉ. By Georges Moroianu. Paris: Gamber, 1933, 286 pp. Fr. 30.
Personal reminiscences of the racial struggle in Transylvania.

## *The British Commonwealth of Nations*

THE BRITISH ISLES. By L. Dudley Stamp and Stanley H. Beaver. New York: Longmans, 1933, 719 pp. $8.00.
A detailed geographic and economic survey.

BRITAIN HOLDS ON, 1917, 1918. By Caroline Playne. London: Allen and Unwin, 1933, 440 pp. 15/.
This volume completes the author's study of the psycho-pathology of the English during the war.

L'ANGLETERRE, NATION CONTINENTALE. By Paul Dottin. Paris: Tallandier, 1933, Fr. 22.50.
The author argues that since the war and especially since the depression the British have lost faith in isolation and are beginning to think in European terms.

INGHILTERRA D'OGGI. By C. Giglio. Padua: Cedam, 1933, 182 pp. L. 15.
Economic and imperial problems as seen by an Italian who is impressed with the decline of England in the last generation.

FROM FOUNDRY TO FOREIGN OFFICE. By Edwin A. Jenkins. London: Grayson, 1933, 301 pp. 10/6.
The career of Arthur Henderson, appreciative but conventional.

POLITICAL PARTIES IN THE IRISH FREE STATE. By Warner Moss. New York: Columbia University Press, 1933, 233 pp.
A systematic, rather conventional though impartial analysis, based in part upon personal observation.

CONSTITUTIONAL ISSUES IN CANADA, 1900–1931. Edited by Robert M. Dawson. New York: Oxford University Press, 1933, 482 pp. $6.00.
Official and unofficial material to illustrate the evolution of the North America Act in recent years.

THE MEMOIRS OF SIR GEORGE FOSTER. By W. Stewart Wallace. Toronto: Macmillan, 1933, 291 pp. $3.50.
The recollections of a prominent parliamentarian and cabinet officer who was a champion of imperial unity and the League.

RECOVERY BY CONTROL. By Francis Hankin and T. W. L. MacDermott. Toronto: Dent, 1934, 360 pp. $2.00.
A study of the relation between business and government in Canada.

THE YELLOW MAN LOOKS ON. By Hedley A. Chilvers. London: Cassell, 1933, 240 pp. 7/6.
A fair summary of the history of the racial problem in South Africa, with a plea for harmony in view of the Japanese peril!

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STUDIES IN THE AUSTRALIAN CONSTITUTION. Edited by G. V. Portus. London: Australian Book Company, 1933, 233 pp. 5/.

A collection of addresses delivered at the Australian Institute of Political Science. They reveal a growing demand for strengthening of the federal government.

THE PEOPLING OF AUSTRALIA. Series II. Melbourne: Melbourne University Press, 1933, 327 pp. 6/6.

A collection of essays by Australian experts dealing with various economic and political aspects of population problems.

AUSTRALIA AS PRODUCER AND TRADER, 1920–1932. By Nancy Windett. New York: Oxford University Press, 1933, 320 pp. $5.00.

A scholarly monograph analyzing Australia's position in trade since the war.

AUSTRALIA'S GOVERNMENT BANK. By L. C. Jauncey. London: Crawley and Day, 1934, 288 pp. 7/6.

A competent study of an unusual and very successful banking experiment.

MAHATMA GANDHI. By J. R. Chitambar. Philadelphia: Winston, 1933, 285 pp. $2.00.

A general treatment of his career and influence.

## *The Near East*

ORIENT AND OCCIDENT. By Hans Kohn. New York: Day, 1934, 140 pp. $1.75.

A masterly survey of the broader aspects of the new relationship between east and west, by a well-known student of nationalism in the east.

STORM CENTRES IN THE NEAR EAST. By Sir Robert W. Graves. London: Hutchinson, 1933, 375 pp. 21/.

Recollections and observations covering the period from 1879–1929.

CAIRO TO PERSIA. By Owen Tweedy. London: Jarrolds, 1933, 288 pp. 18/.

A lively narrative of a motor trip, with much shrewd observation of political and social problems in the Near East.

KING FAISAL OF IRAQ. By Mrs. Stewart Erskine. London: Hutchinson, 1933, 288 pp. 18/.

An authorized biography of the late Arab ruler, uneven, but in places interesting.

L'IRAK. By Baron E. Nolde. Paris: Librairie Générale de Droit, 1933, Fr. 35.

An able scholarly study of the origins and constitutional position of Iraq.

THE SUEZ CANAL. By Sir Arnold T. Wilson. New York: Oxford University Press, 1933, 238 pp. $6.00.

An important book, written by a well-known British administrator. It reviews the whole history of the canal question and contains a highly interesting and illuminating discussion of the present-day problem, especially in its financial aspects.

## *Africa*

DESTIN DE L'AFRIQUE. By Jean Goudal. Paris: Valois, 1933, 255 pp. Fr. 15.

The author discusses the place of Africa in schemes for general world recovery and makes some suggestions for a new French colonial policy, as well as for a plan of larger international coöperation in the exploitation of Africa.

L'AFRICA ORIENTALE ITALIANA. By Tomaso Sillani. Rome: Rassegna Italiana, 1933, L. 25.

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A coöperative work, in which a number of experts give a full account of the conditions and problems of Eritrea and Somaliland.

BEI FASCHISTEN UND SENUSSI. By R. Pfalz. Leipzig: Möhring, 1933, 127 pp. M. 3.60.
A review of Mussolini's colonial policy in Cyrenaica.

ITALIA E SENUSSIA. By Fabrizio Serra. Milan: Treves, 1933, 185 pp. L. 15.
Reviews the Italian accomplishment in Cyrenaica during the past twenty years.

ÉTUDE CRITIQUE DU RÉGIME SPÉCIAL DE LA ZONE DE TANGER. By Alphonse Menard. Paris: Sirey, 1933, 2 v. Fr. 30.
A detailed monographic study of the international law of Tangiers.

LA MISE EN VALEUR DES COLONIES PORTUGAISES. By Elmer Böhm. Paris: Presses Universitaires, 1934, 234 pp. Fr. 30.
A technical examination of economic conditions and possibilities in the Portuguese colonies.

## *The Far East*

OKTIABRSKAIA REVOLIUTSIA I GRASHDANSKAIA VOINA NA DAL'NEM VOSTOKE. By S. Cypkin. Moscow: 1933, 305 pp.
A detailed chronicle of events in the Far East from 1917–1922.

MA MISSION EN SIBÉRIE, 1918–1920. By General Janin. Paris: Payot, 1933, 304 pp. Fr. 20.
These memoirs throw a good deal of light on the Kolchak episode, the fate of Russian imperial family, the anabasis of the Czechs, etc.

EAST AGAIN. By Walter B. Harris. London: Thornton Butterworth, 1933, 342 pp. 18/.
Observations and reflections of the late *Times* correspondent in Morocco, during an extended journey in the Near, Middle and Far East, as well as in various parts of the Pacific area. A keen and interesting book.

THE CHINESE: THEIR HISTORY AND CULTURE. By Kenneth S. Latourette. New York: Macmillan, 1934, 2 v. $7.50.
The work of an American authority, probably one of the best general surveys.

WAYS THAT ARE DARK. By Ralph Townsend. New York: Putnam, 1933, 350 pp. $3.00.
Written by a former American vice-consul at Shanghai, this is a sensationally unorthodox and unvarnished picture of the Chinese and of Chinese conditions.

CHINESE DESTINIES. By Agnes Smedley. New York: Vanguard Press, 1933, 322 pp. $3.00.
A terrible picture of the class-struggle in China.

A STUDY OF CHINESE BOYCOTTS. By C. F. Remer and William B. Palmer. Baltimore: Johns Hopkins Press, 1933, 318 pp. $2.75.
Boycotts have become so popular and are so widely discussed that this special study, rigorously scientific, will be very welcome. The authors take a broad view of their problem, and do not shrink from consideration of the boycott as a general measure of non-violent coercion. With respect to China they examine in detail the long series of boycotts against the United States, Great Britain and Japan, that have marked the history of the past generation. It is obviously difficult in many cases to gauge at all accurately the effect of the policy, but it is clear that most of the Chinese boycotts have been effective enough to make them serious. Apart from their economic power, they

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have been shown to have a distinct publicity value and to be far from negligible as a force making for national solidarity. On the other hand, they have at times been as costly to the Chinese themselves as to the boycotted nation. All these factors are taken into consideration by the authors, whose book is a contribution of real value to the study of international relations.

JAPAN. By F. C. Jones. London: Arrowsmith, 1933, 136 pp. 3/6.
A brief popular survey of Japanese history, in the "Modern States" series.

THE MENACE OF JAPAN. By T. O'Conroy. New York: Kinsey, 1934, 294 pp. $3.00.
A scathing and very harsh estimate of the Japanese not unlike Townsend's book on China, mentioned above.

MANCHUKUO. By James A. B. Scherer. New York: Stechert, 1933, 145 pp. $1.50.
A warm appreciation of Japanese policy and achievement.

MANDSCHUKUOS KAMPF UND SIEG. By J. Fischer. Hamburg: Meissner, 1933, 342 pp. M. 4.80.
Another sympathetic account, by a German journalist.

THE DUTCH EAST INDIES. By Amry Vandenbosch. Grand Rapids: Eerdmans, 1933, 385 pp. $3.00.
A thorough documented account of the political, social and economic conditions and problems of the Dutch colonies.

MODERN SAMOA. By Felix M. Keesing. London: Allen and Unwin 1934, 506 pp. 16/.
This book, published under the auspices of the Institute of Pacific Relations, gives an impartial historical and analytical survey.

## *Latin America*

PEACE BY REVOLUTION. By Frank Tannenbaum. New York: Columbia University Press, 1933, 316 pp. $3.50.
A topical review of Mexican conditions and problems as they appear after twenty years of revolution, by a competent writer with large first-hand knowledge.

MACHADO: CRÍMENES Y HORRORES DE UN RÉGIMEN. By Carlos G. Peraza. Havana: Cultural, 1933, 339 pp.
A vitriolic attack upon Machado and his régime.

BLACK BAGDAD. By John H. Craige. New York: Minton, 1933, 288 pp. $3.00.
An American marine officer's experiences during a three-year stay in Haiti. Contains much that is of interest concerning the life and conditions of the natives.

IF CRAB NO WALK. By Owen Rutter. London: Hutchinson, 1933, 288 pp. 18/.
A well-known journalist's observations on the economic, social and political affairs of the West Indies.

WHITHER LATIN AMERICA? By Frank Tannenbaum. New York: Crowell, 1934, 185 pp. $2.00.
In this book the author takes Latin America as a whole and discusses various economic and social aspects of the situation, raising questions of population, industrialism, trade, labor and education, without attempting hasty conclusions.

EDUCATION IN LATIN AMERICA. By Henry Lester Smith and Harold Littell. New York: American Book Company, 1934, 445 pp. $3.00.
A systematic survey covering South and Central America, and the West Indies.

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# SOURCE MATERIAL

*By Denys P. Myers*

## PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents, Washington, D. C. *Great Britain:* British Library of Information, 270 Madison Ave., New York. *France:* Gerda M. Anderson, 12 Ave. Ernest Reyer, Paris XIVe. *League of Nations, Int. Labor Office, Perm. Court of Int. Justice* and *Int. Institute of Agriculture:* World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted. Since 1928 a list of Government documents has been printed in the *Monthly List of Books Catalogued in the Library of the League of Nations.*

### ARMAMENT CONFERENCE

CONFERENCE for the Reduction and Limitation of Armaments. Instruments necessary for the Application of a System of Publicity of National Defence Expenditure. Draft Prepared by the Technical Committee of the National Defence Expenditure Commission. Geneva, 1933. 86 p. 33 cm. (League of Nations, Conf. D./C. G. 160. 1933. IX. 11.)

PROCEEDINGS of the Bureau of the Disarmament Conference, Geneva, October 14, 1933. London, 1933. 12 p. 24½ cm. (Miscellaneous No. 5 (1933) Cmd. 4437.) 2d.

### AVIATION

AIR NAVIGATION. Arrangement between the United States of America and Norway. Effected by Exchange of Notes Signed October 16, 1933. Effective November 15, 1933. Washington, 1933. 10 p. 23¼ cm. (Executive Agreement Series, No. 50.) 5 cents.

AIR NAVIGATION. Arrangement between the United States of America and Sweden. Effected by Exchange of Notes Signed September 8 and 9, 1933. Effective October 9, 1933. Washington, 1933. 12 p. 23¼ cm. (Executive Agreement Series, No. 47.) 5 cents.

RECIPROCAL Recognition of Certificates of Airworthiness for Imported Aircraft. Arrangement between the United States of America and Norway. Effected by Exchange of Notes Signed October 16, 1933. Effective November 15, 1933. Washington, 1933. 3 p. 23¼ cm. (Executive Agreement Series, No. 52.) 5 cents.

PILOT LICENSES to Operate Civil Aircraft. Arrangement between the United States of America and Norway. Effected by Exchange of Notes Signed October 16, 1933. Effective November 15, 1933. Washington, 1933. 5 p. 23¼ cm. (Executive Agreement Series, No. 51.) 5 cents.

### BALANCE OF PAYMENTS

BALANCES of Payments 1931 and 1932 including an Analysis of Capital Movements up to September, 1933. Geneva, 1933. 191 p. 27 cm. (League of Nations, 1933. II. A. 26.)

### BOLIVIA-PARAGUAY

The dispute over the Chaco has been before the Council of the League of Nations on several recent occasions. As the minutes have been published separately, the documents are specially noted:

MINUTES of the Council. Seventy-Fourth (Extraordinary) Session (Part II). Held at Geneva on Monday, July 3, 1933. Seventy-Fifth (Extraordinary) Session. Held at Geneva on Thursday, August 3, 1933. Dispute between Bolivia and Paraguay. Geneva, 1933. 33 cm. (League of Nations *Official Journal*, 1933, September, No. 9 (Part II), p. 1069–1099, iii.)

MINUTES of the Council. Seventy-Sixth Session (Part II). Held at Geneva from Friday, September 22, to Friday, September 29, 1933. Seventy-Seventh Session (Part I). Held at Geneva from Wednesday, October 4, to Thursday, October 12, 1933. Dispute between Bolivia and Paraguay. Geneva, 1933. 33 cm. (League of Nations *Official Journal*, 1933, November, No. 11 (Part II), p. 1549–1593, iii.)

### CONFERENCES, PARTICIPATION

AMERICAN DELEGATIONS to International Conferences, Congresses and Expositions and American Representation on International Institutions and Commissions. With Relevant Data. Fiscal Year Ended June 30, 1933. Compiled in the Division of Protocol and Conferences. Washington, 1933. 55 p. 23¼ cm. (Department of State, Conference Series No. 17.) 5 cents.

### COURT OF INTERNATIONAL JUSTICE, PERMANENT

APPEAL from a Judgment of the Hungaro-Czechoslovak Mixed Arbitral Tribunal (The Peter Pázmány University v. The State of Czechoslovakia). Permanent Court of International Justice, XXXth Session. JUDGMENT of December 15, 1933. Leyden, 1933. Double p. 205–270. 24 cm. (Series A./B., Fascicule No. 61.)

CASE Concerning the Polish Agrarian Reform and the German Minority. Permanent Court of International Justice, XXXth Session. ORDER of December 2, 1933. Leyden, 1933. Double p. 198–203. 24 cm. (Series A./B., Fascicule No. 60.)

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CASE Concerning the Administration of the Prince of Pless. Permanent Court of International Justice, XXXth Session. ORDER of December 2, 1933. Leyden, 1933. Double p. 192. 24 cm. (Series A./B., Fascicule No. 59.)

APPEALS from Certain Judgments of the Hungaro-Czechovak Mixed Arbitral Tribunal (Applications Eventually Withdrawn). Permanent Court of International Justice, XXVIIIth Session. Order of May 12, 1933. Leyden, 1933. 302 p. 24½ cm. (Series C, No. 68.)

LEGAL STATUS of Eastern Greenland. Danish Reply-Norwegian Rejoinder. Permanent Court of International Justice, XXVIth Session. Judgment of April 5, 1933. Leyden, 1933. Double p. 614–1472. 24½ cm. (Series C, No. 63.)

## CUSTOMS DUTIES

IMPORTS. Computed Duties and Equivalent Ad Valorem Rates on Imports into United States from Principal Countries, 1929 and 1931; compiled by Statistical Division, United States Tariff Commission. July, 1933. Washington, 1933. ii, 50 p. (Miscellaneous series.) $0.05.

## EMPLOYMENT AGENCIES

EMPLOYMENT Exchanges. An International Study of Placing Activities. Geneva, 1933. iv, 231 p. 23½ cm. (International Labour Office, Studies and Reports, Series C, No. 18.) $1.25.

## FILMS, EDUCATIONAL

CONFERENCE for facilitating the International Circulation of Films of an Educational Character (Geneva, October 5–11, 1933). Convention for Facilitating the International Circulation of Films of an Educational Character. Geneva, 1933. 9 p. 33 cm. (League of Nations, C. 588. M. 274. 1933. XII. B. 1.)

—FINAL ACT. Geneva, 1933. 10 p. 33 cm. (League of Nations, C. 589. M. 275. 1933. XII. B. 2.)

## INTELLECTUAL COÖPERATION

BIBLIOTHÈQUES Populaires et Loisirs Ouvriers. Enquête faite à la demande du Bureau international du Travail. Paris, 1933. 333 p. 22½ cm. (League of Nations, Dossiers de la Coopération Intellectuelle.)

BROADCASTING and Peace. Studies and Projects in the Matter of International Agreements. Paris, 1933. 231 p. 21½ cm. (League of Nations, Intellectual Coöperation Series.)

L'ÉTUDE Objective des relations entre les peuples. Paris, 1933. ix, p. 435–563. 22½ cm. (League of Nations, *Coopération Intellectuelle*, 32–33.)

## INTERNATIONAL LABOR OFFICE

MINUTES of the 62nd Session of the Governing Body of the International Labour Office, Geneva, April, 1933. Geneva, 1933. 118 p. 32 cm.

The minutes of sessions of the Governing Body were formerly not published.

## LEAGUE OF NATIONS

### ASSEMBLY

RECORDS of the Fourteenth Ordinary Session of the Assembly. Plenary Meetings. Text of the Debates. Geneva, 1933. 98 p. 33 cm. (League of Nations *Official Journal*, Special Supplement No. 115.)

RECORDS of the Fourteenth Ordinary Session of the Assembly. Meetings of the Committees. Minutes of the Second Committee (Technical Organisations). Geneva, 1933. 52 p. 33 cm. (League of Nations *Official Journal*, Special Supplement No. 117.)

### COUNCIL

MINUTES of the Seventy-Sixth Session of the Council (Part I). Held at Geneva from Friday, September 22, to Friday, September 29, 1933. Geneva, 1933. 33 cm. (League of Nations *Official Journal*, 1933, November, No. 11 (Part I), p. 1297–1545, x.)

MINUTES of the Seventy-Seventh Session of the Council (Part II). Held at Geneva from Wednesday, October 4, to Thursday, October 26, 1933. Geneva, 1933. 33 cm. (League of Nations *Official Journal*, 1933, December, No. 12, p. 1597–1841, vii.)

## LIBERIA

LIBERIA. Documents Relating to the Plan of Assistance Proposed by the League of Nations. Washington, 1933. 58 p. 23¼ cm. (The Department of State, Publication No. 535.) 5 cents.

## MANDATES

ANNUAL Report to the League of Nations on the Administration of the South Sea Islands under JAPANESE MANDATE for the Year 1932. Japanese Government, 1933. ix, 245 p. maps. 26½ cm.

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CUSTOMS TARIFFS of the Non-Self-Governing Colonies, Protectorates, Mandated Territories, etc. London, 1933. 505 p. 24½ cm. (Colonial No. 83.) 7s. 6d.

MANDATED Territory of WESTERN SAMOA (Thirteenth Report of the Government of New Zealand on the Administration of) for the Year ended March 31, 1933. Prepared by direction of the Minister of External Affairs for the Information of the League of Nations, pursuant to Article 6 of the Mandate and Article 22 of the Covenant. Wellington, G. H. Loney, Government Printer, 1933. 21 p. map. 34 cm.

PERMANENT Mandates Commission. Minutes of the Twenty-Fourth Session. Held at Geneva from October 23 to November 4, 1933, including the Report of the Commission to the Council. Geneva, 1933. 147 p. 33 cm. (League of Nations, C. 619. M. 292. 1933. VI. A. 3.)

RAPPORT annuel adressé par le Gouvernement Français au Conseil de la Société des Nations. Conformément à l'article 22 du Pacte sur l'administration sous mandat du territoire du CAMEROUN pour l'année 1932. Paris, Imprimerie Générale Lahure, 1933. 312 p. 32 cm.

RAPPORT annuel adressé par le Gouvernement Français au Conseil de la Société des Nations. Conformément à l'article 22 du Pacte sur l'administration sous mandat du territoire du TOGO pour l'année 1932. Paris, Imprimerie Générale Lahure, 1933. 183 p. 32 cm.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of the CAMEROONS Under British Mandate for the Year 1932. London, 1933. 118 p., chart, map. 24½ cm. (Colonial No. 89.) 4s. 6d.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of TOGOLAND Under British Mandate for the Year 1932. London, 1933. 128 p. maps. 24½ cm. (Colonial No. 87.) 5s.

## MEXICO

ANUARIO Bibliografico Mexicano de 1932. Compilacion de Felipe Teixidor. Mexico, Imprenta de la Secretaria de Relaciones Exteriores, 1933. 407 p. 22 cm.

## OPIUM

ADVISORY COMMITTEE on Traffic in Opium and Other Dangerous Drugs. Minutes of the Sixteenth Session. Held at Geneva from May 15 to 31, 1933. Geneva, 1933. 106 p. 33 cm. (League of Nations, C. 480. M. 244. 1933. XI. 3.)

TRAFFIC in Opium and Other Dangerous Drugs for the Year Ended December 31, 1932. Report by the Government of the United States of America. Washington, 1933. 85 p. 23¼ cm.

*Note:* The estimates of requirements of narcotic drugs under the Limitation Convention of 1931, established by the Supervisory Body for the calendar year 1934 for 182 states, countries and territories throughout the world, have been printed but not as yet published.

## PAN AMERICA

FUENTES de Información sobre Libros de la América Latina. Washington, Pan American Union, 1933. 28 p. 27¼ cm. (Serie Bibliográfica No. 3 (2 a edition, revisada y aumentada).) $0.25.

The HISTORIES of Hispanic America. A bibliographical essay by A. Curtis Wilgus, Ph.D. Washington, Pan American Union, 1932. vi, 115 p. 27 cm. (Bibliographic Series No. 9.)

ITEMS of interest to American Commercial organizations and a review of the work done in giving effect to the recommendations of the Pan American Commercial Conferences. Washington, Pan American Union, 1934. 10 p. 27½ cm. (Commercial Pan America, No. 20.)

INTER-AMERICAN Conferences, 1826–1933. Chronological and Classified Lists. Prepared by Warren Kelchner, Division of Latin American Affairs. Washington, 1933. 34 p. 23 cm. (The Department of State, Conference Series No. 16.) 5 cents.

MAPS relating to Latin America in books and periodicals. Compiled by A. Curtis Wilgus, Ph.D. Washington, Pan American Union, 1933. xvi, 103 p. 27¼ cm. (Bibliographic Series No. 10.) $0.75.

SEVENTH International Conference of American States. Montevideo-Uruguay, December 3–26, 1933. FINAL ACT (Provisional Edition) (Including the Conventions and Additional Protocol adopted at the Conference). [Montevideo], J. Florensa, 1934. 188 p. 23½ cm.

## PRESS BUREAUS, GOVERNMENTAL

II CONFERENCE of Governmental Press Bureaux and Representatives of the Press, Madrid, 1933. 46 p. 27½ cm.

A conference of press experts held under the auspices of the League of Nations in 1927 adopted many resolutions relating to news services and conditions. In January 1933 a Conference between Government Press Bureaus and Representatives of the Press held at Copenhagen studied the problems of reliable news (*Official Journal*, 1932, p. 793–7). The Madrid Conference continued this examination November 7–11, 1933.

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## SAUDI ARABIA

DIPLOMATIC and Consular Representation, Juridical Protection, Commerce and Navigation. Provisional Agreement between the United States of America and the Kingdom of Saudi Arabia. Signed November 7, 1933. Washington, 1933. 3 p. 23¼ cm. (Executive Agreement Series, No. 53.) 5 cents.

## STATISTICAL DATA

INTERNATIONAL Trade Statistics 1931 and 1932. Geneva, 1933. 365 p. 27 cm. (League of Nations, 1933. II. A. 27.)

COMMITTEE of Statistical Experts. Report to the Council on the Work of the Second Session. Held at Geneva from December 7 to 12, 1933. Geneva, 1933. 18 p. 33 cm. (League of Nations, C. 672. M. 322. 1933. II. A. 31.)

The convention of 1928 for the unification of economic statistics did not determine a single form for recording commodities by countries of provenance and destination. This committee reviewed the experience of 24 countries with three systems of recording as reported for 1930–33 with a view to establishing a single comparable method of reporting trade statistics.

## TELECOMMUNICATIONS

INTERNATIONAL Radiotelegraph Conference Madrid, 1932. Report to the Secretary of State by the Chairman of the American Delegation with Appended Documents. Washington, 1934. 364 p. 23¼ cm. (The Department of State, Conference Series No. 15.) 30 cents.

Contains the International Telecommunications Convention, the General Radio Regulations, their Final Protocol and the Additional Radio Regulations in French and English. The Telegraphic and Telephonic Regulations are not reproduced.

RADIO Laws of the United States; compiled by Elmer A. Lewis, superintendent, Document Room, House of Representatives. Washington, 1933. (1), 45 p. $0.05.

## TRAFFIC IN WOMEN

DIPLOMATIC CONFERENCE concerning the Suppression of Traffic in Women of Full Age (Geneva, October 9–11, 1933). International Convention for the Suppression of the Traffic in Women of Full Age. Geneva, 1933. 9 p. 33 cm. (League of Nations, C. 590. M. 276. 1933. IV. 5.)

RECORDS of the Diplomatic Conference concerning the Suppression of Traffic in Women of Full Age (Geneva, October 9–11, 1933). Geneva, 1933. 29 p. 33 cm. (League of Nations, C. 649. M. 310. 1933. IV. 6.)

TRAFFIC in Women and Children Committee. Summary of Annual Reports for 1932–33, prepared by the Secretariat. Geneva, 1934. 36 p. 33 cm. (League of Nations, C. 2. M. 2. 1934. IV. 2.)

## UNITED STATES — U. S. S. R.

ESTABLISHMENT of Diplomatic Relations with the Union of Soviet Socialist Republics. Washington, 1933. 22 p. 23¼ cm. (The Department of State, Eastern European Series, No. 1.) 5 cents.

## WAR DEBTS

PAPERS Relating to the British War Debt. London, 1933. 4 p. 24½ cm. (United States No. 2 (1933) Cmd. 4448.) 1d.

The equivalent United States print is in Department of State, *Press Releases*, November 11, 1933, 258–9. Additional correspondence is printed, *ibid.*, December 16, 1933, 346–57.

## WHEAT

WHEAT. Marketing agreement for disposal of North Pacific wheat surplus; approved and executed by Secretary of Agriculture, October 10, 1933, effective October 11, 1933. Washington, 1933. ii, 14 p. (Marketing Agreement Series, Agreement 14; Form M 13.)

WHEAT FUTURES, volume of trading, open commitments and prices, January 2, 1930–December 31, 1932. Washington, September, 1933. Cover-title, 110 p. il. (Agriculture Department Statistical Bulletin 41.) $0.10.

FINAL ACT of the Wheat Conference with Appendices and Minutes of Final Meeting, London, August 25, 1933. London, 1933. 12 p. 23¼ cm. (Treaty Series No. 38 (1933) Cmd. 4449.) 2d.

## WORLD WAR

DOCUMENTS Diplomatiques Français (1871–1914) 3e Série (1911–1914). Tome VI (15 Mars–30 Mai 1913). Paris, Imprimerie Nationale, 1933. xliii, 798 p. 27½ cm. (Ministère des affaires Étrangères. Commission de publication des documents relatifs aux Origines de la Guerre de 1914.)

This extensive publication of diplomatic correspondence has been completed to the following extent: (1) série, 1871–1900, vols. 1–5, 10 mai 1871–9 avril 1885; (2) série, 1901–1911, vols. 1–4, 2 janvier 1901–9 avril 1904; (3) série, 1911–1914, vols. 1–6, 4 novembre 1911–30 mai 1913.

The three series are being continued simultaneously.

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